

Regional Housing Market Recovery Dayton Housing Symposium

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Vice President

Community Development

February 24, 2017

EXPERT:

NOUN - “SOMEONE WHO TRAVELS MORE THAN 50 MILES TO TELL YOU WHAT YOU ALREADY KNOW....”

DISCLAIMER -

These are my views and not representative of the Federal Reserve Bank of Cleveland or the Federal Reserve System.

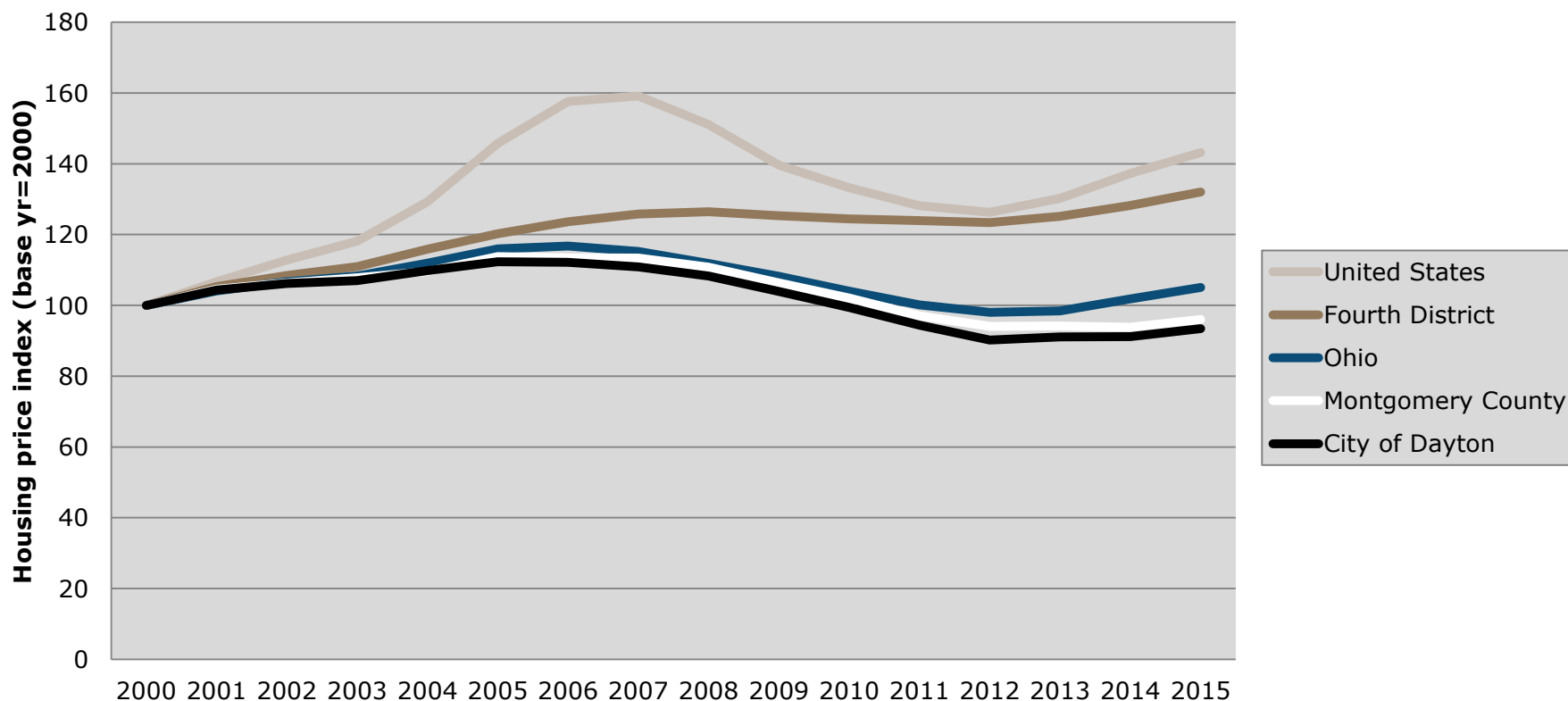
Today's Topics

- General housing market conditions
- Implications from Home Mortgage Disclosure Act ("HMDA") data since the recovery
- Exogenous factors which may affect the housing market

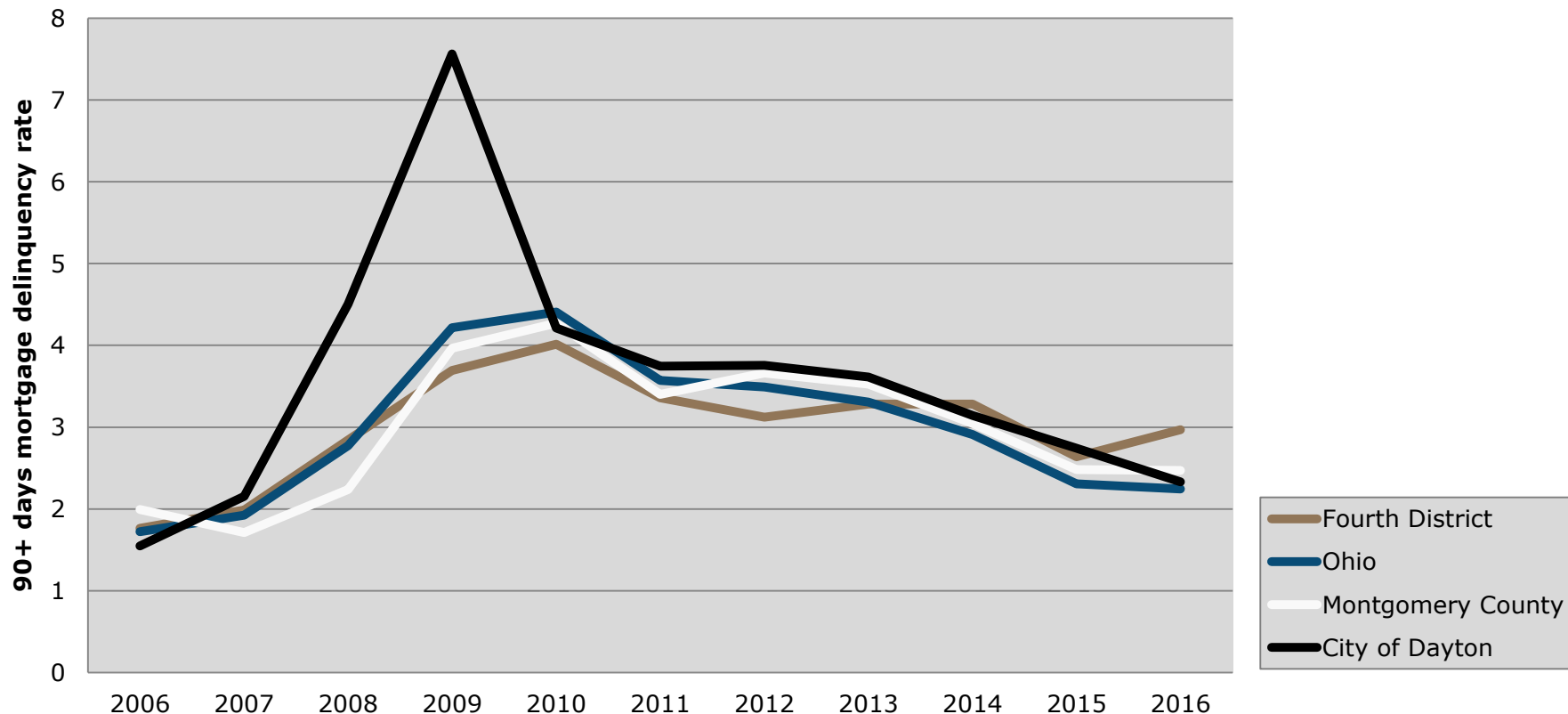
High Level Housing Market Trends

FHFA Housing Price Index (2000-2015)

Source: Bogin, A.N., Doerner, W.M., & Larson, W.D. (2016). Local Housing Price Dynamics: New Indices and Stylized Facts. FHFA Working Paper 16-01, Washington D.C.



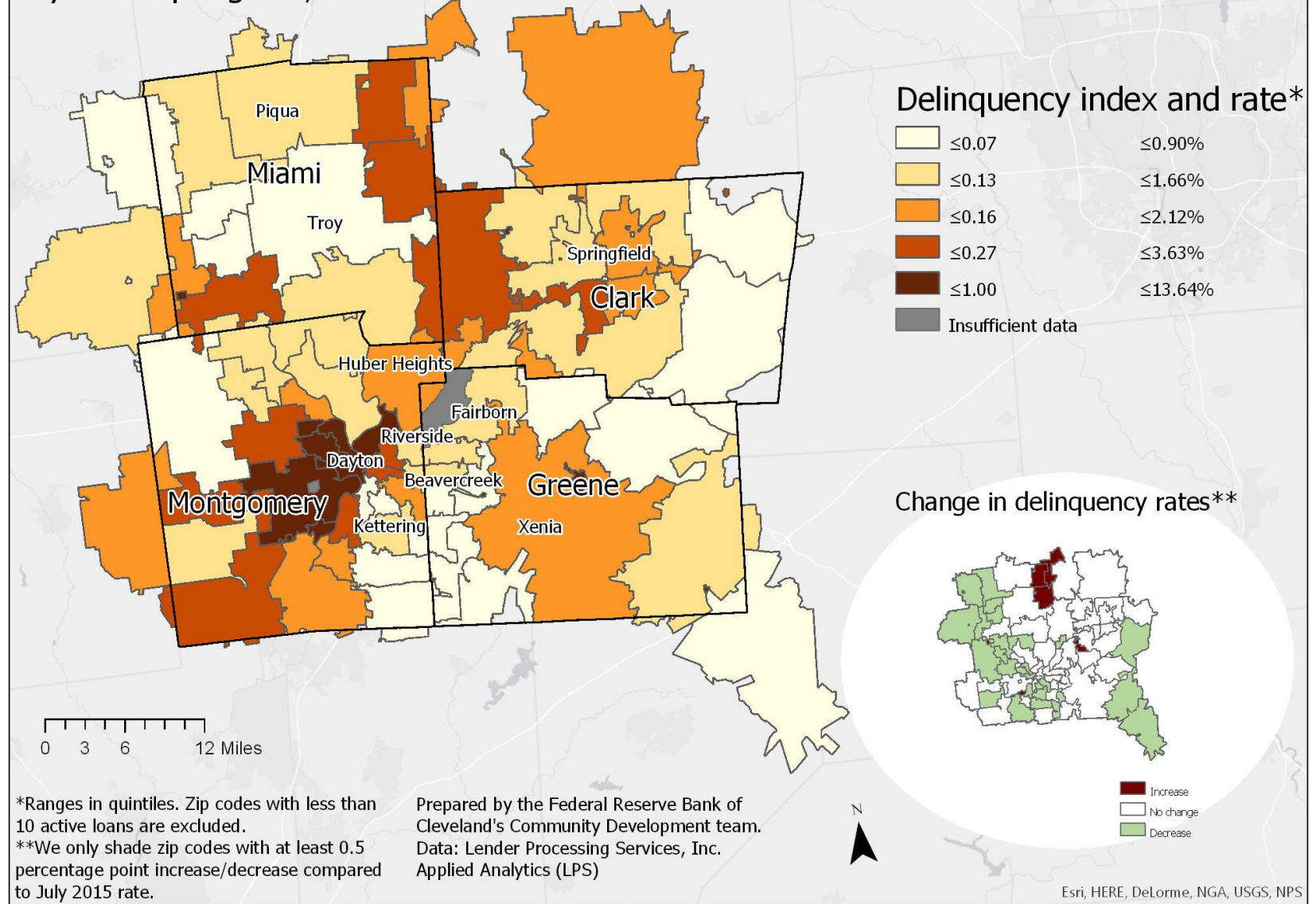
90+ days mortgage delinquency rate



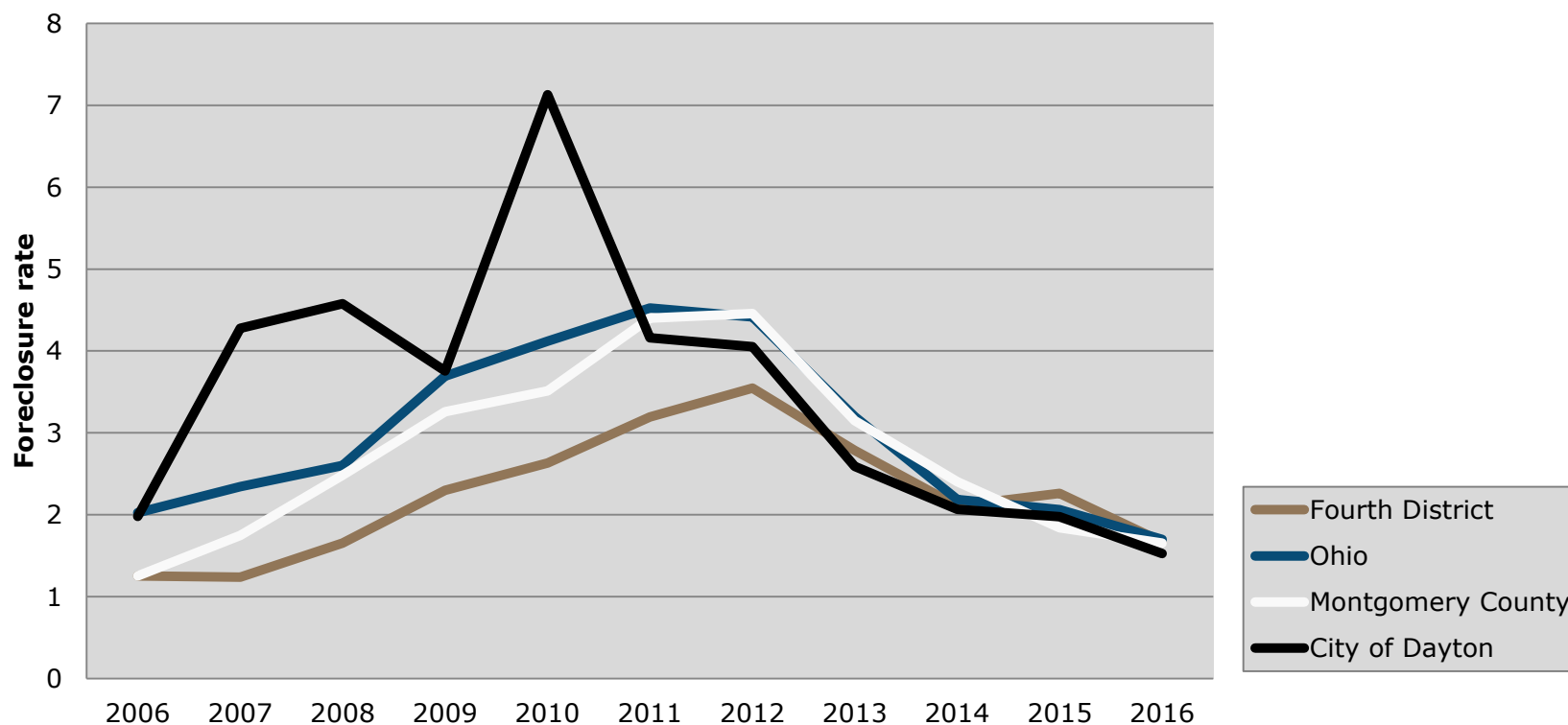
Note: Measures are from the Cleveland Fed [Community Stabilization Index](#), based on data from Lender Processing Services, Inc.

90+ days mortgage delinquency index, July 2016

Dayton & Springfield, OH MSAs



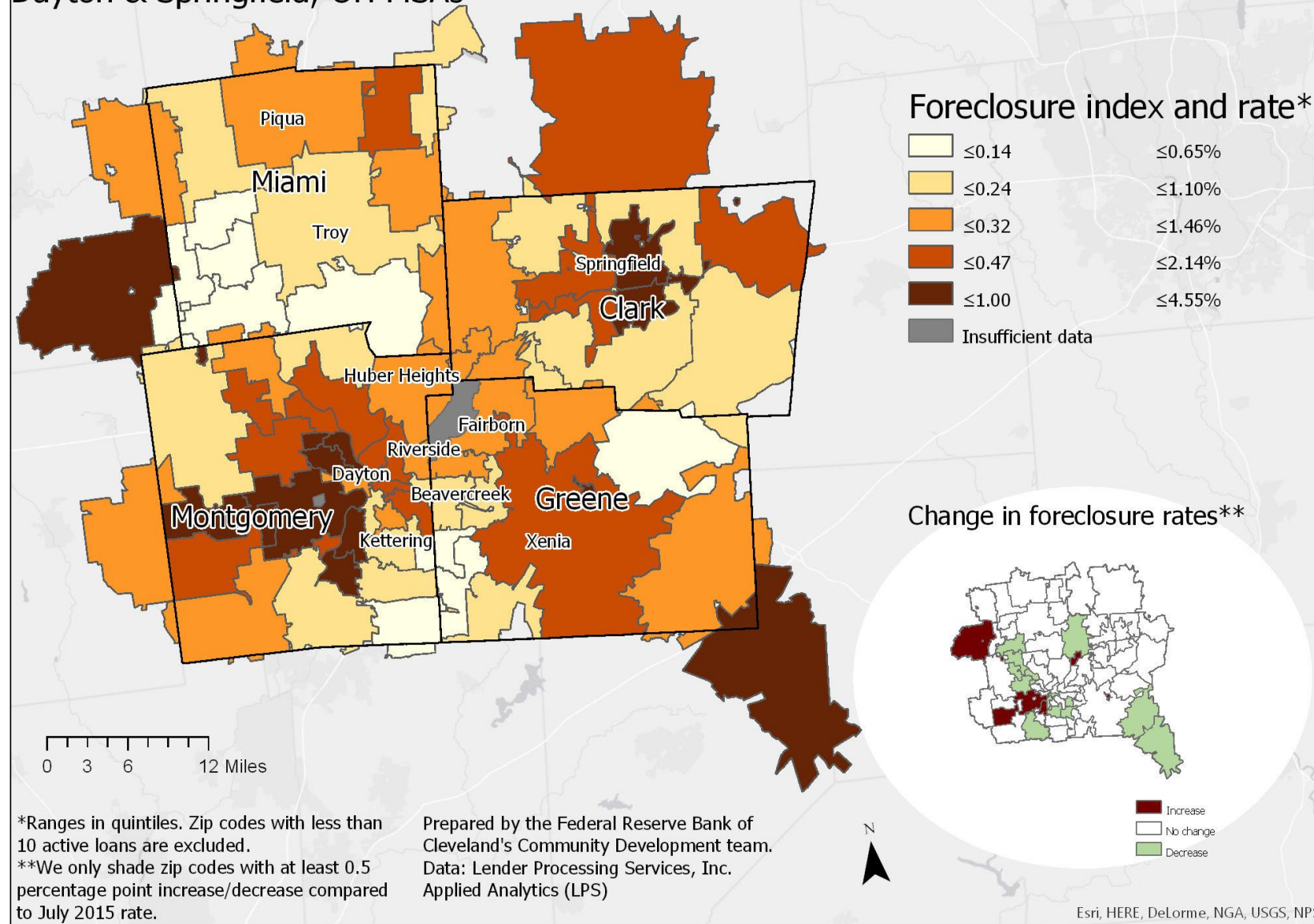
Foreclosure rate



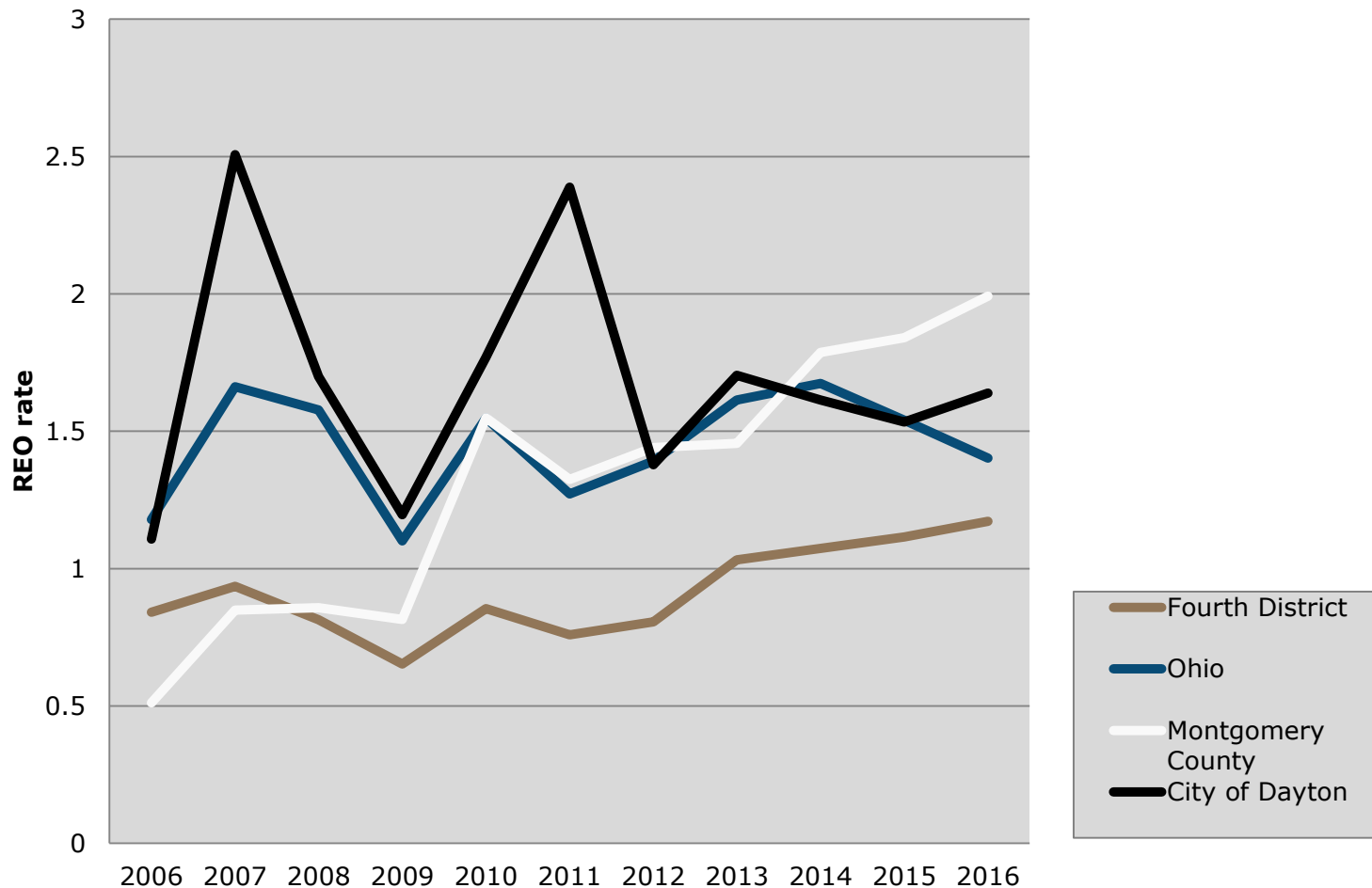
Note: Measures are from the Cleveland Fed Community Stabilization Index, based on data from Lender Processing Services, Inc.

Foreclosure index, July 2016

Dayton & Springfield, OH MSAs



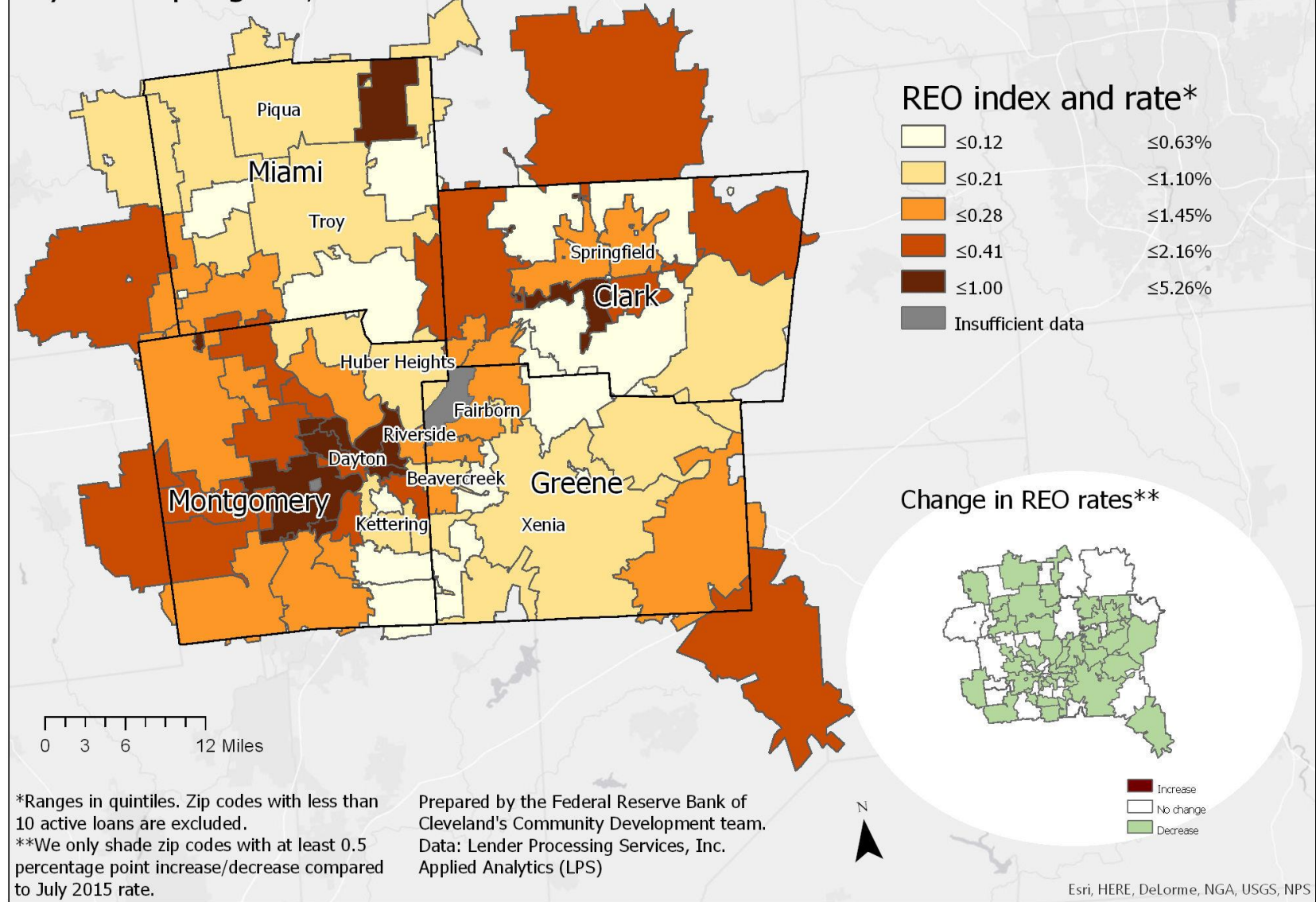
Real estate owned property rate (ratio of REOs to active loans)



Note: Measures are from the Cleveland Fed Community Stabilization Index, based on data from Lender Processing Services, Inc.

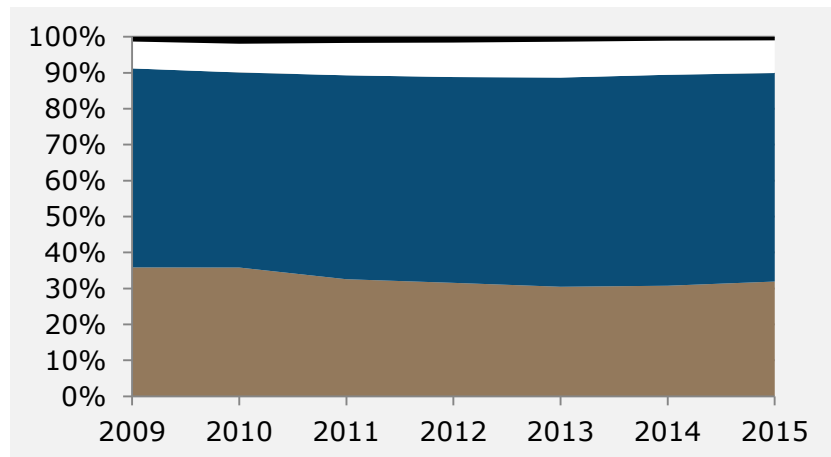
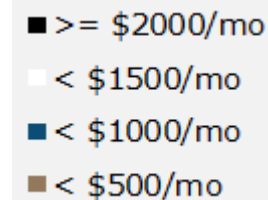
REO index, July 2016

Dayton & Springfield, OH MSAs

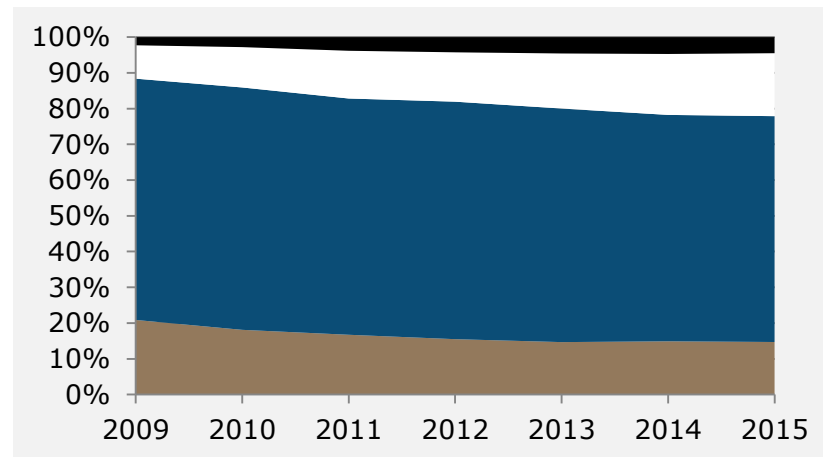


Total rental units – by rent amount

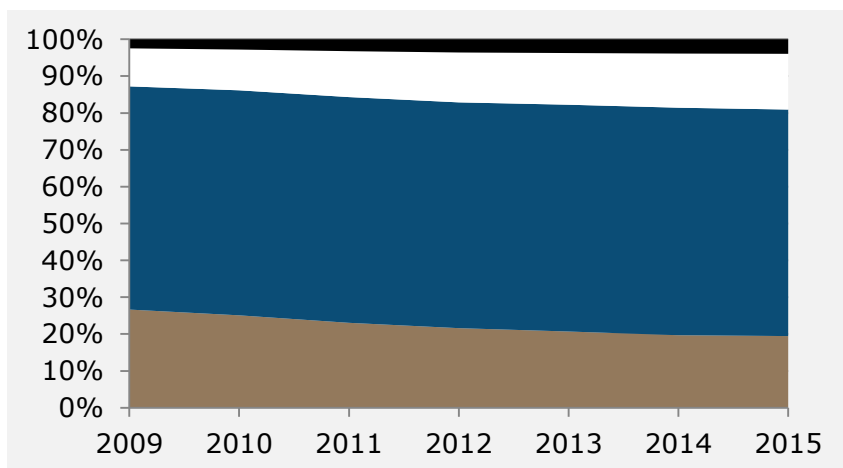
(vacant units “for rent” and renter-occupied units)



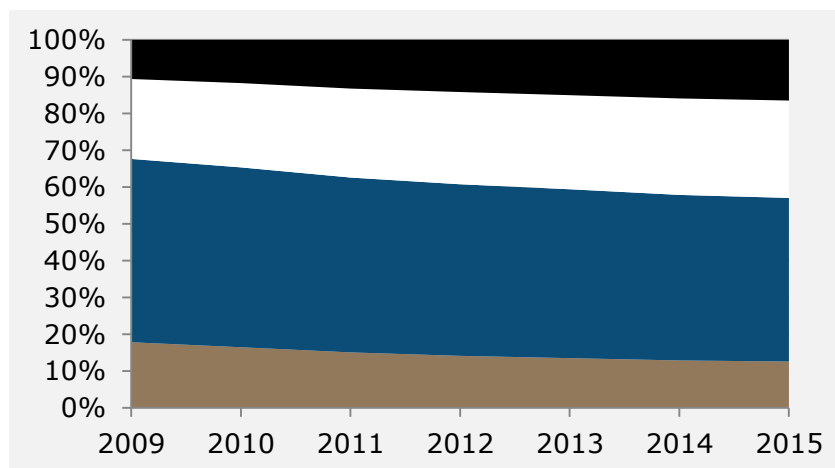
City of Dayton



Montgomery County



Ohio

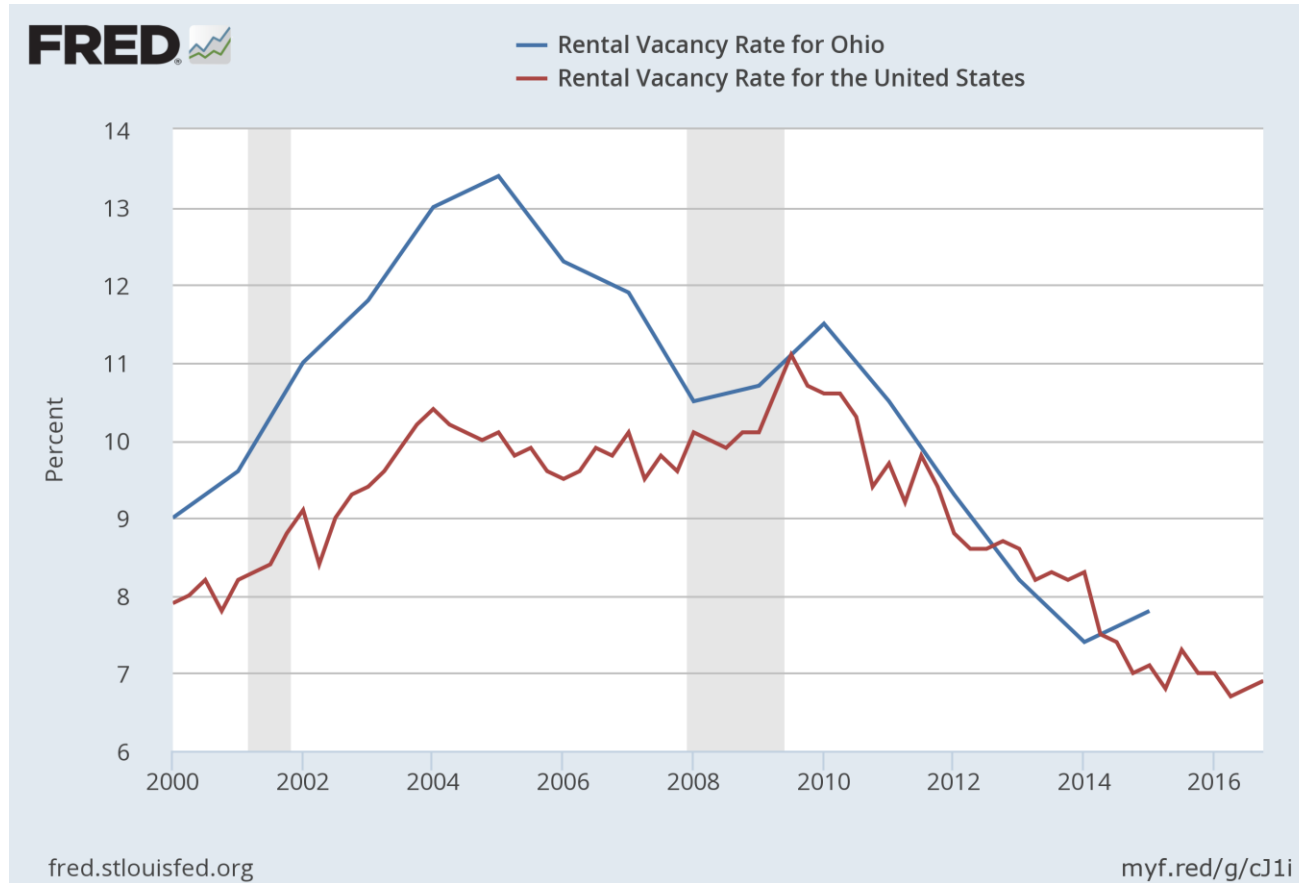


United States

Note: Data is from ACS 5yr estimates.

Rental vacancy

(excludes “rented”, not occupied units as vacant)

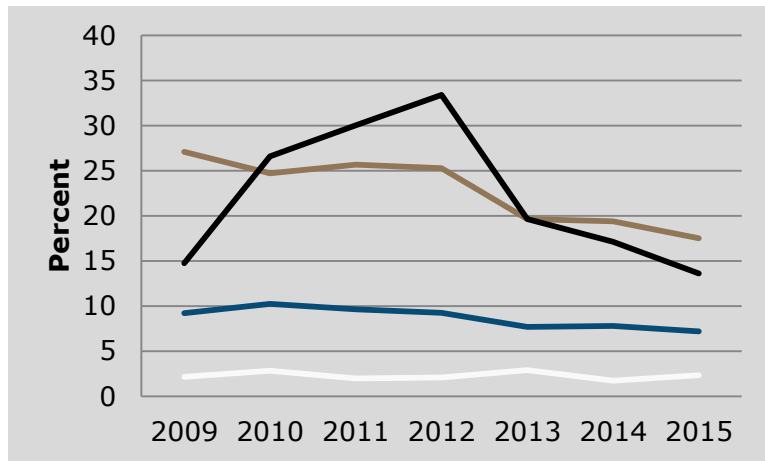


Note: The rental vacancy rate is the proportion of the rental inventory that is vacant for rent. Data is from ACS 5yr estimates.

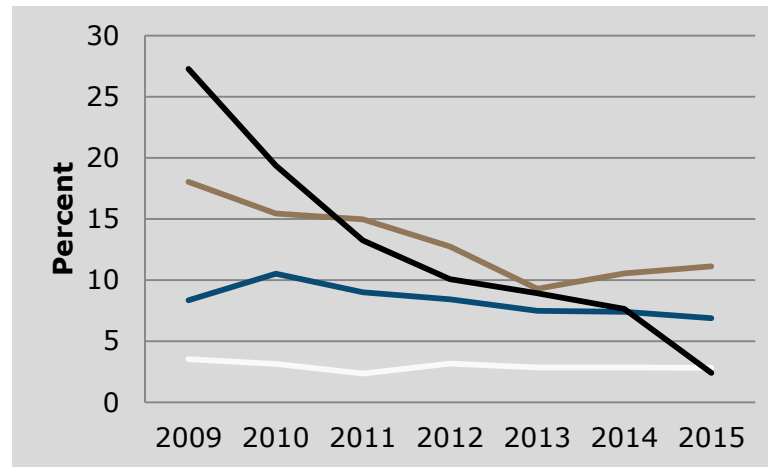
Rental vacancy rate

(includes “rented”, not occupied units as vacant)

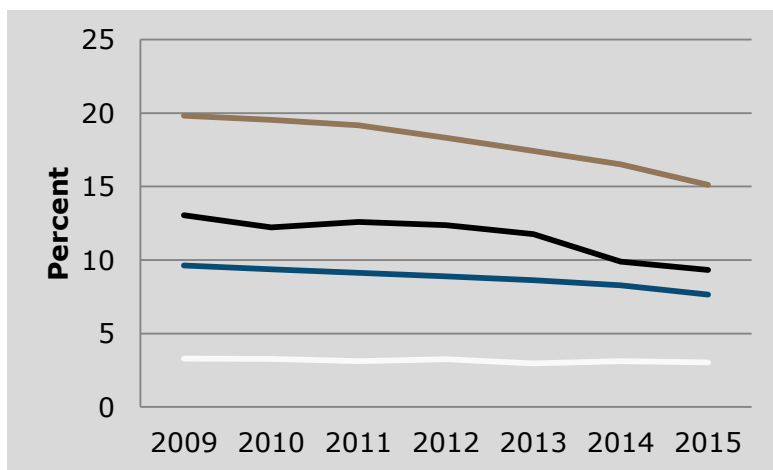
— < \$500/mo
— < \$1000/mo
— < \$1500/mo
— >= \$2000



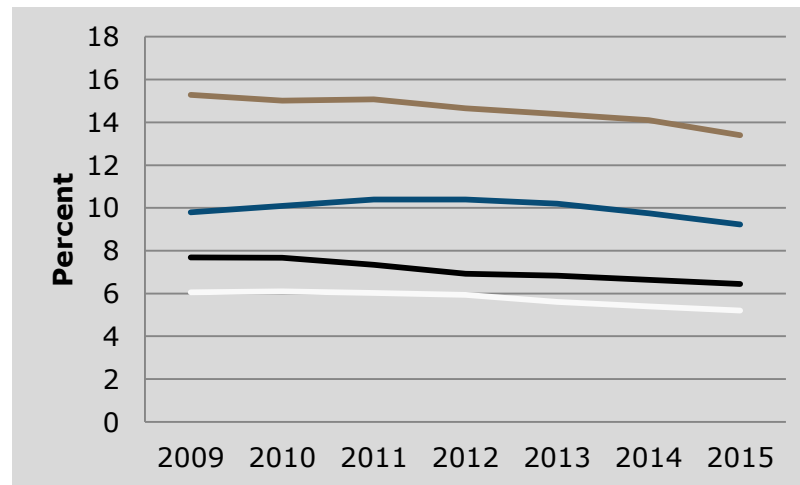
City of Dayton



Montgomery County



Ohio



United States

Note: Data is from ACS 5yr estimates.

FEDERAL RESERVE BANK
of CLEVELAND

Summary of Housing Market Conditions

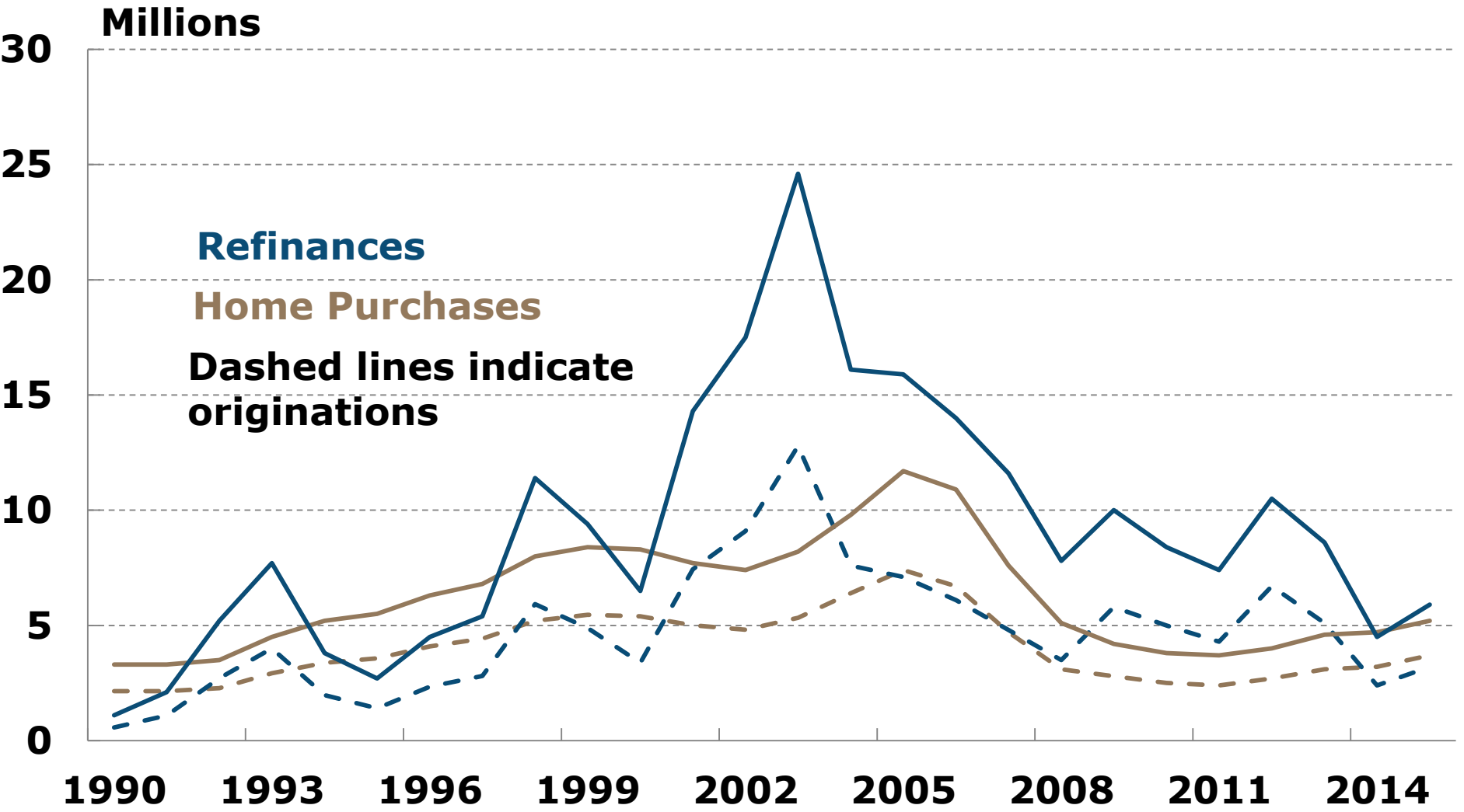
- Housing recovery continues – although slowly
- Recovery in Industrial Heartland cities slower than the nation
- Housing market “stress” is higher in urban markets

HMDA National Trends

HMDA

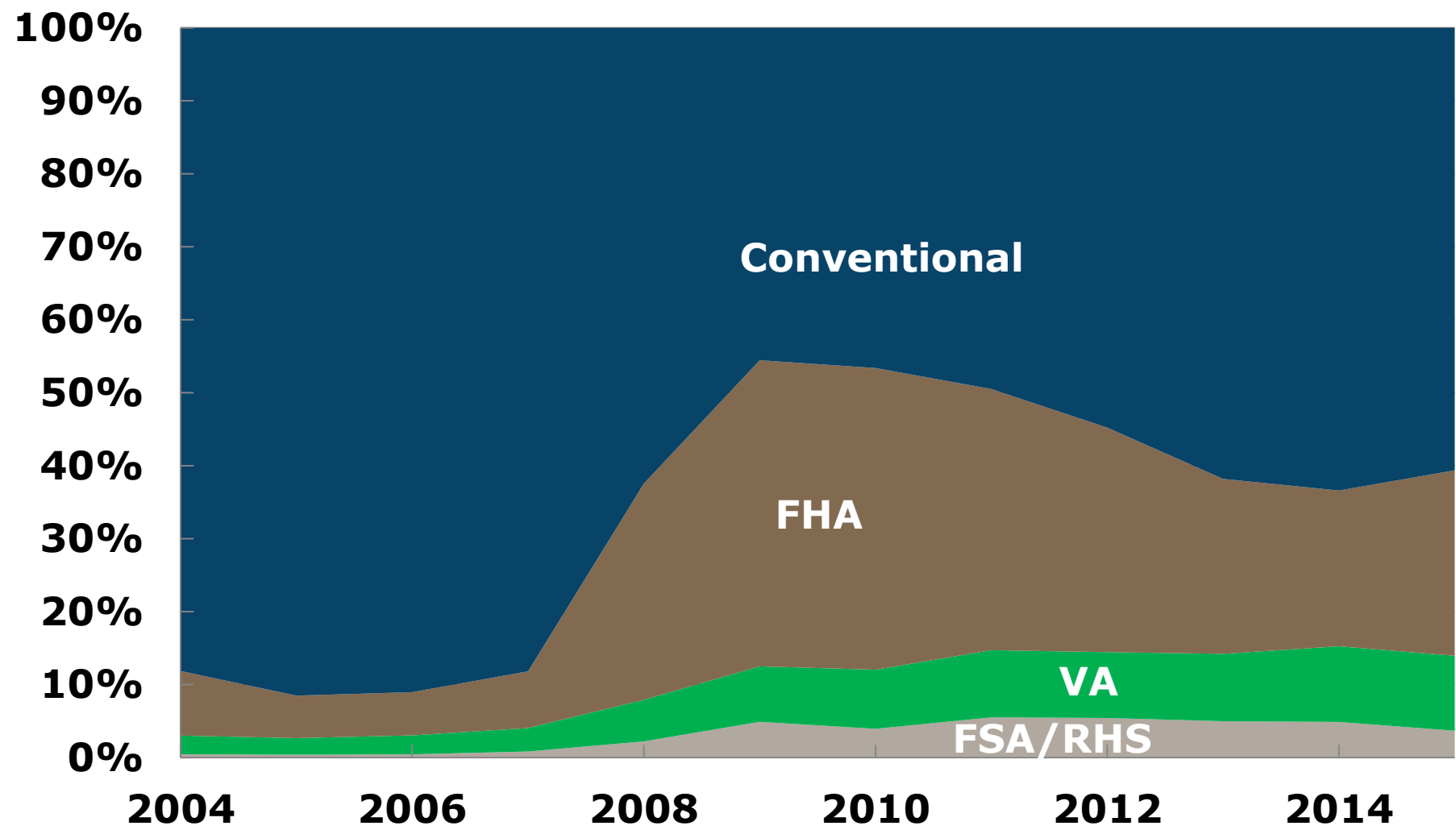
- Lending organizations collect information on every mortgage application, some of the information includes:
 - Property location and type
 - Loan amount, purpose and action taken
 - purchase/refinance/home improvement/reverse mtg
 - approved/denied/withdrawn
 - Borrower characteristics
 - gender, race, ethnicity
 - Whether the loan is sold or retained
 - if sold, to which entity
 - Interest rate spread

Mortgage Applications & Originations

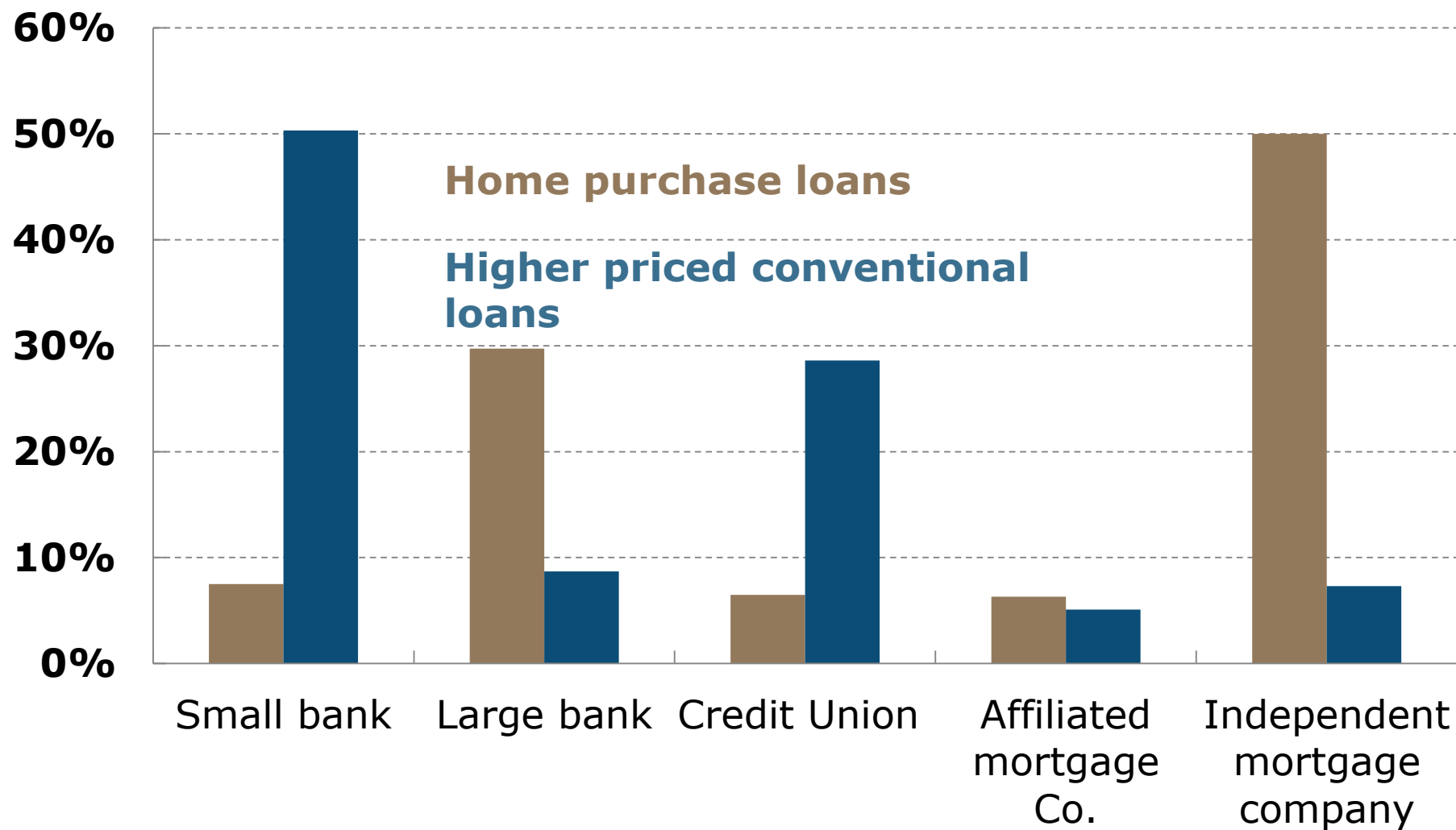


Source: HMDA

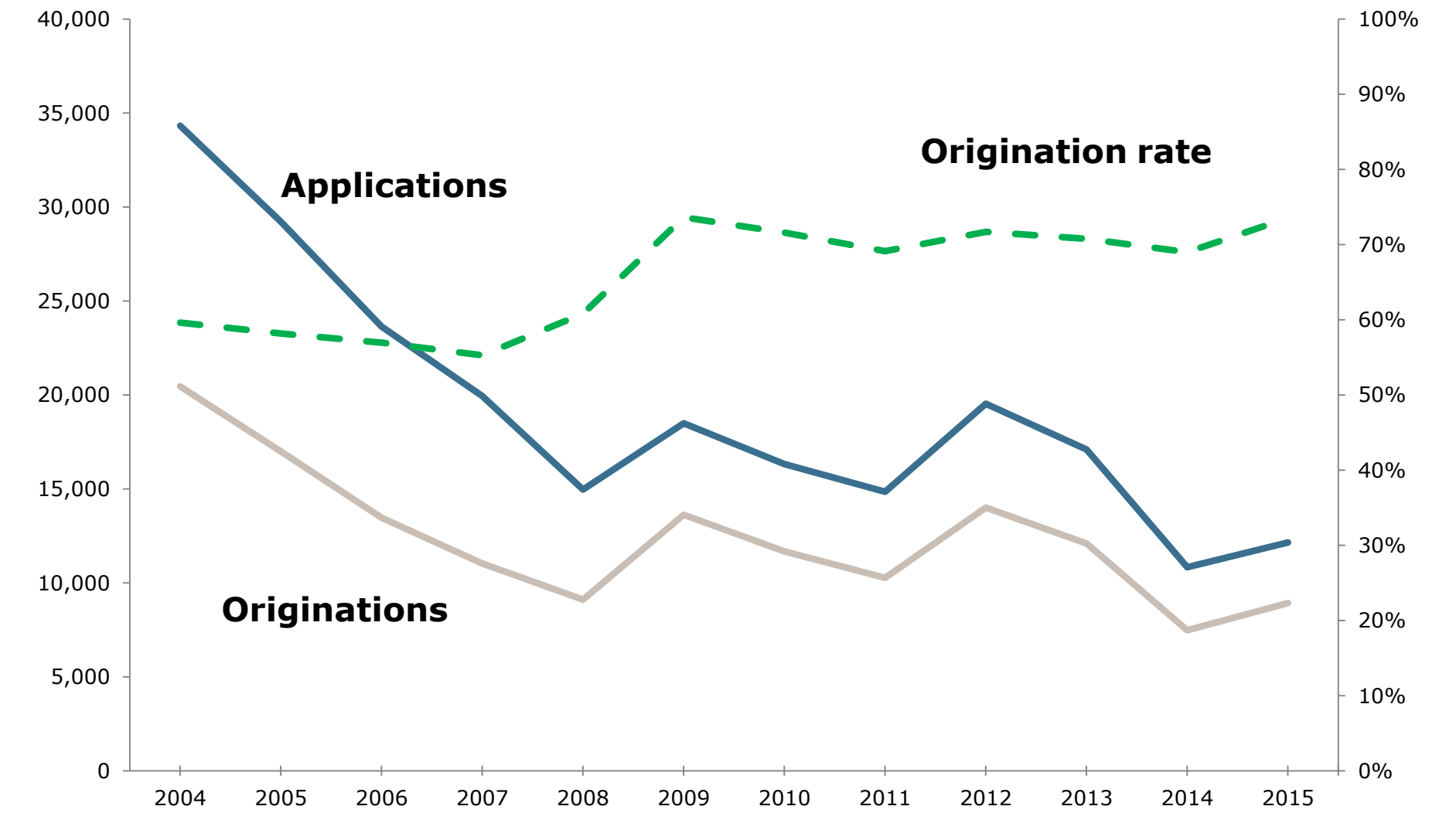
Home-Purchase Originations (1-4 family)



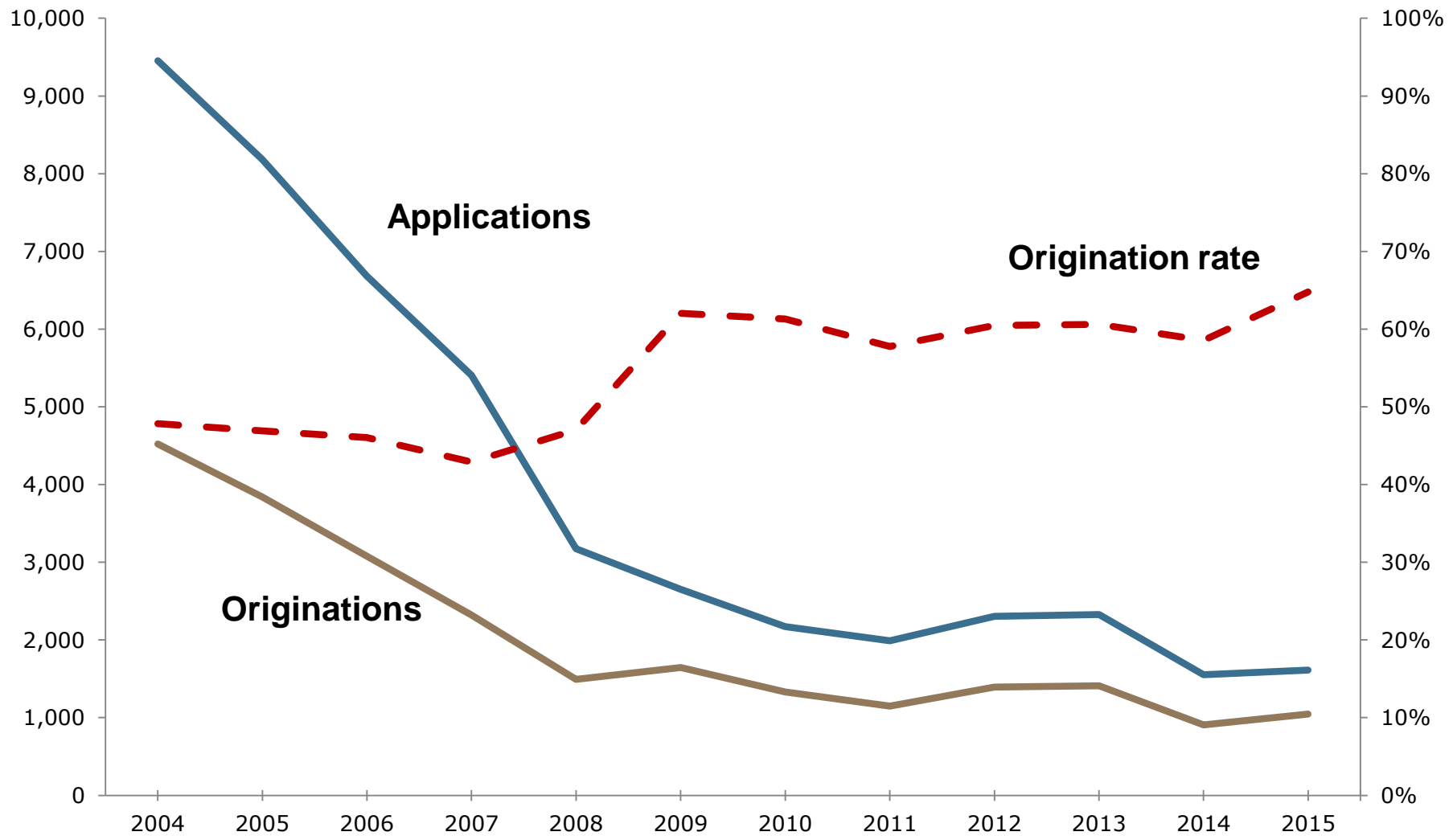
Share of Lending by Institution Type, 2015



Application & origination activity – Montgomery Cty

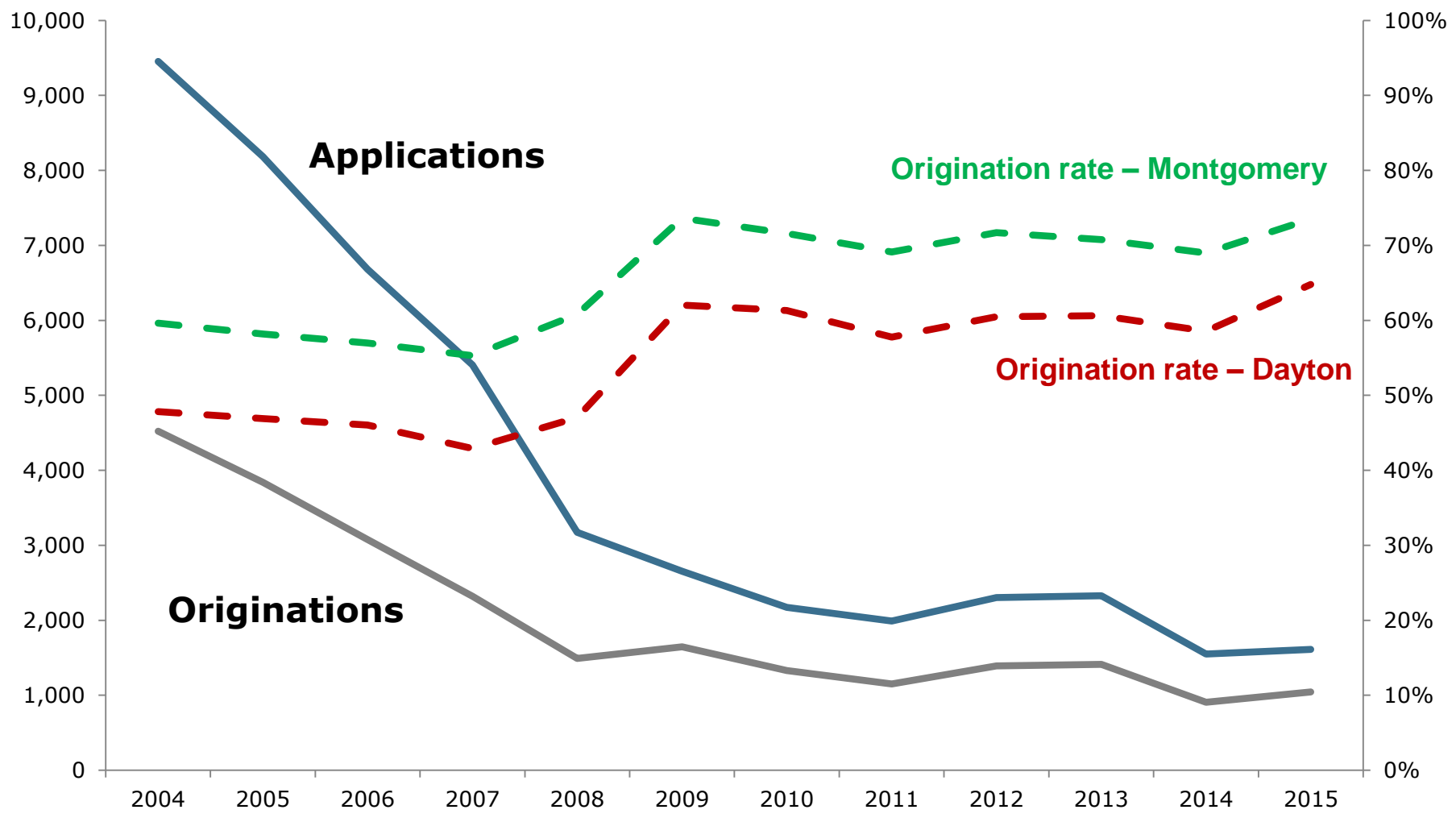


Application and origination activity – Dayton



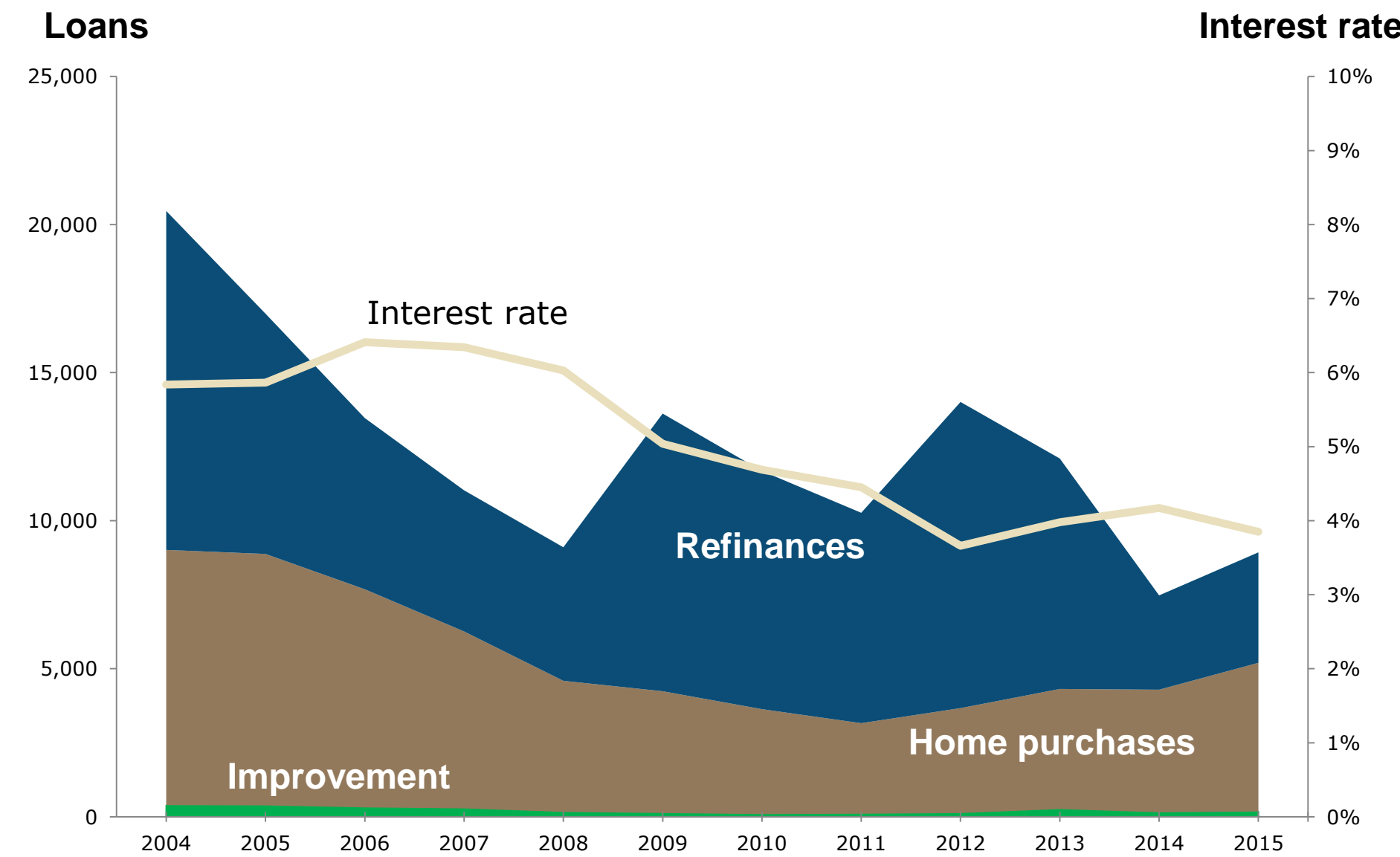
Source: HMDA

Application and origination activity – Dayton

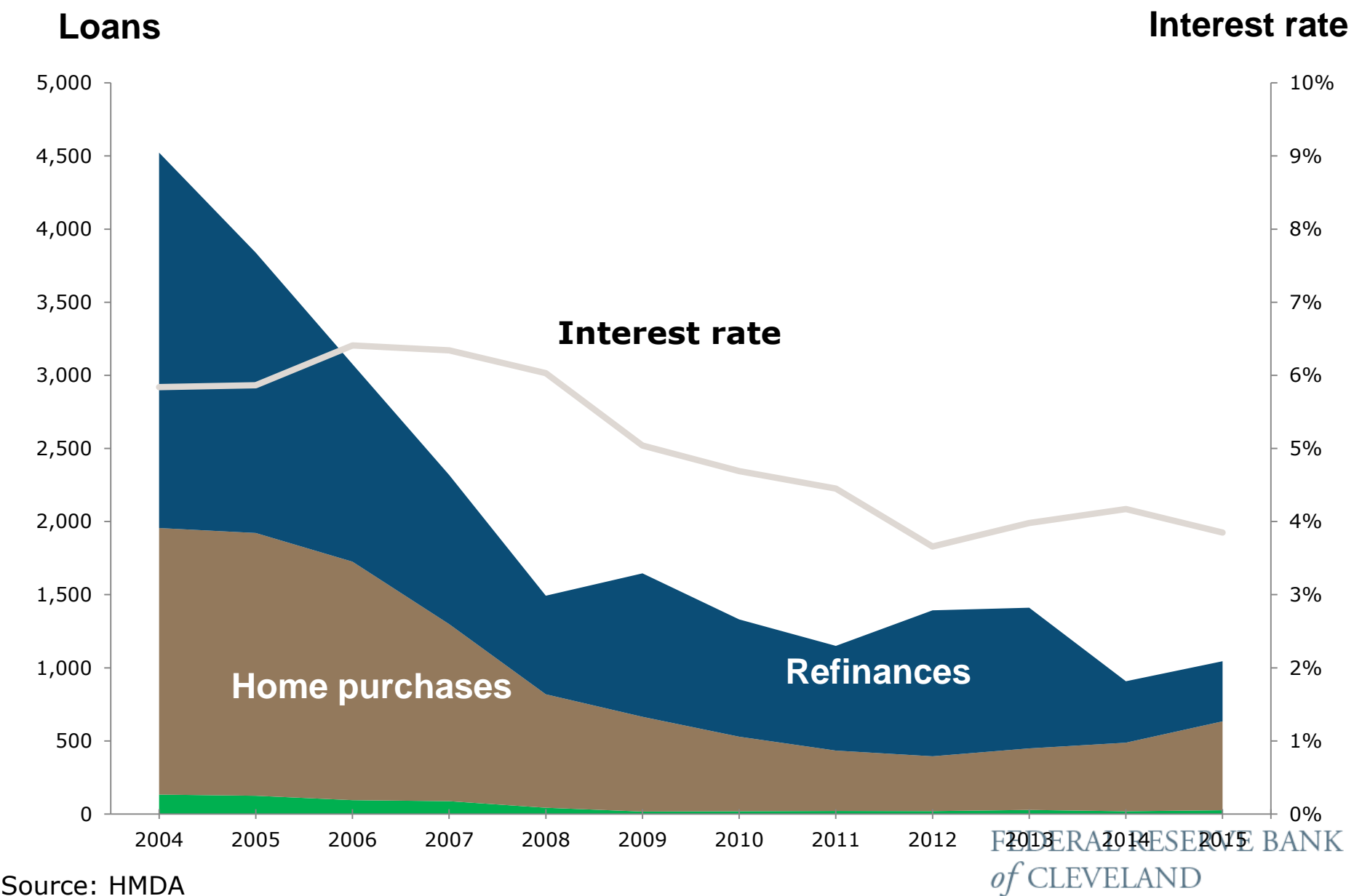


Source: HMDA

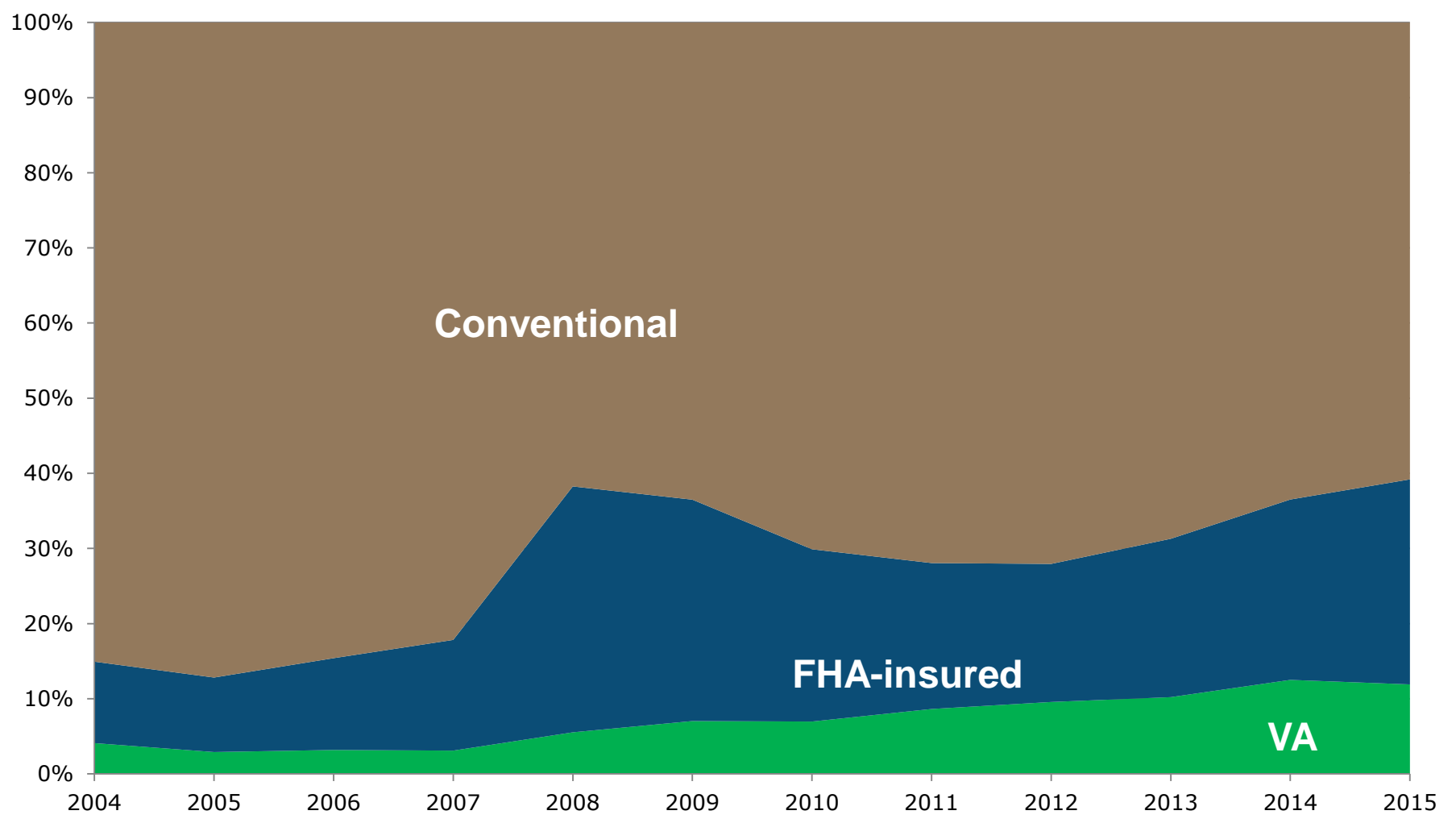
Originations by loan purpose - Montgomery



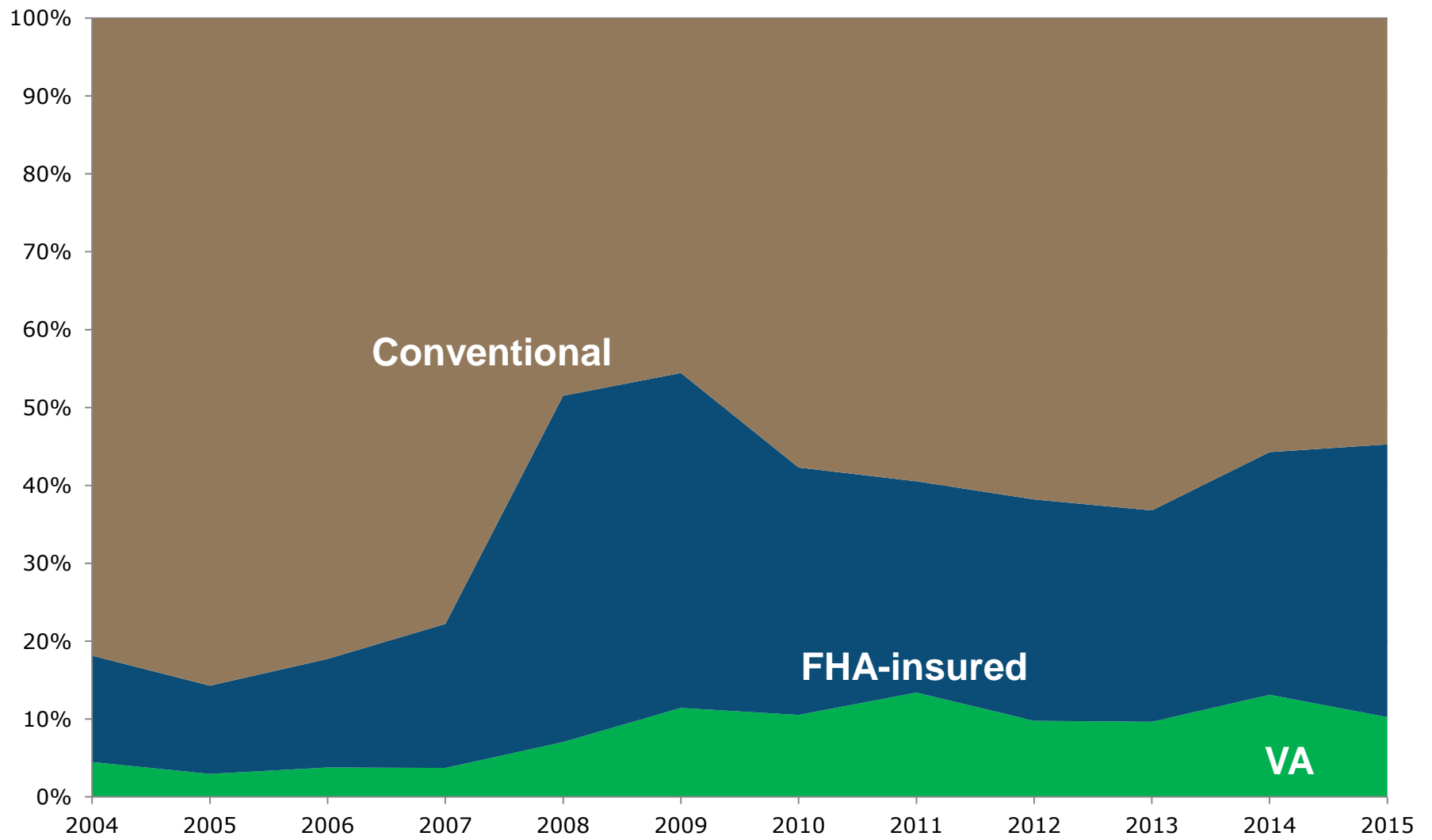
Originations by loan purpose – Dayton



Originations by loan type - Montgomery

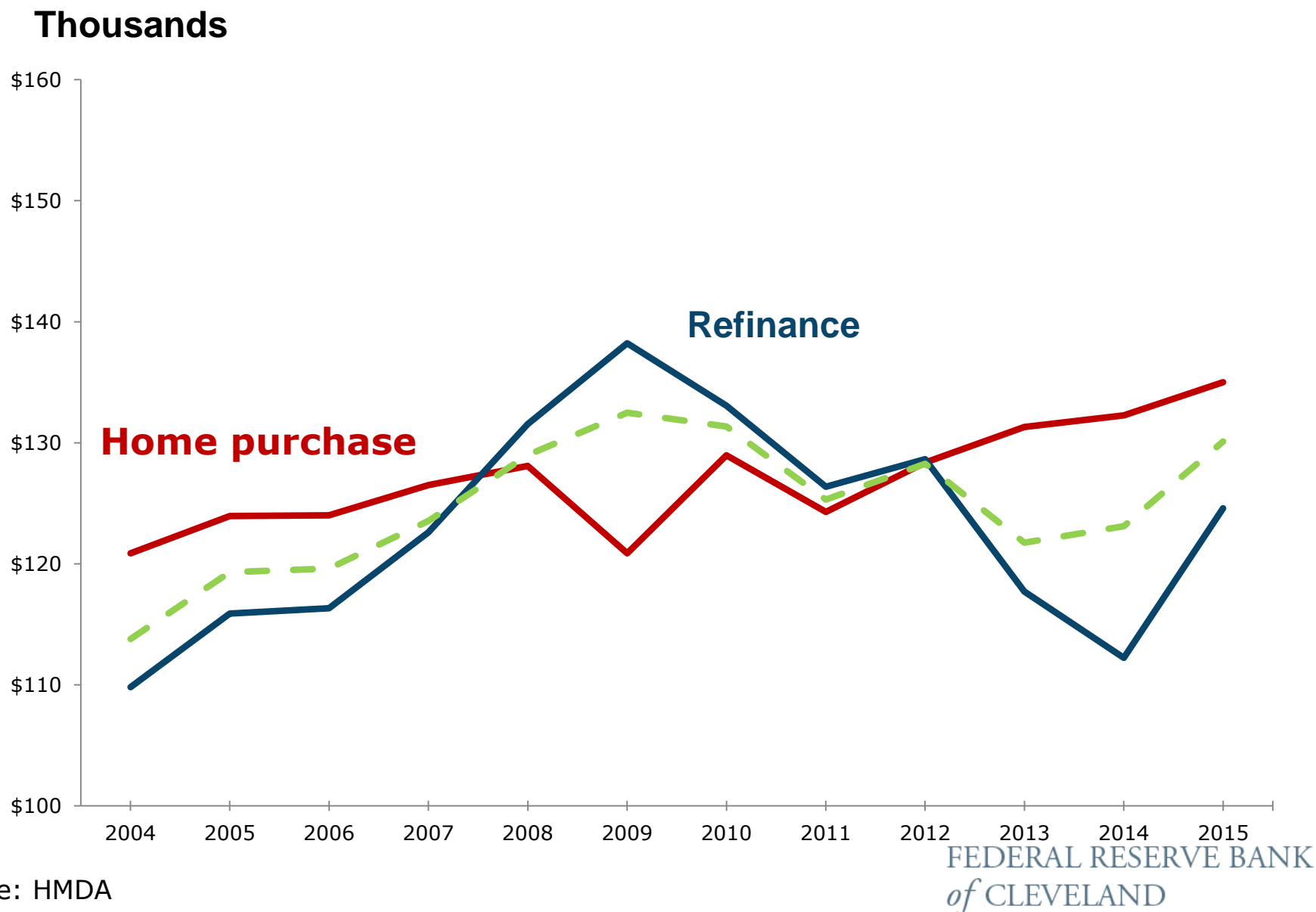


Originations by loan type - Dayton



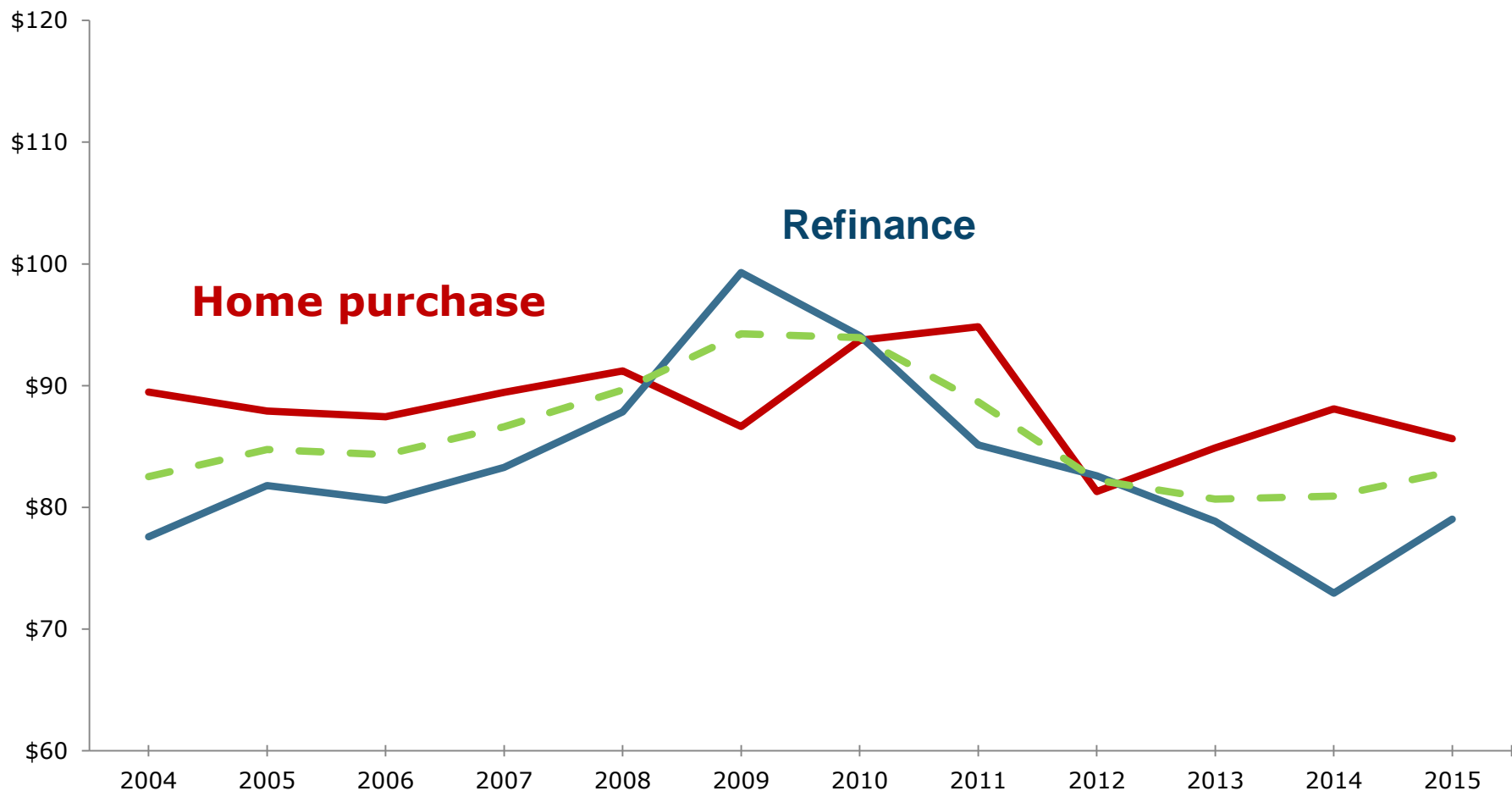
Source: HMDA

Average loan amount – Montgomery

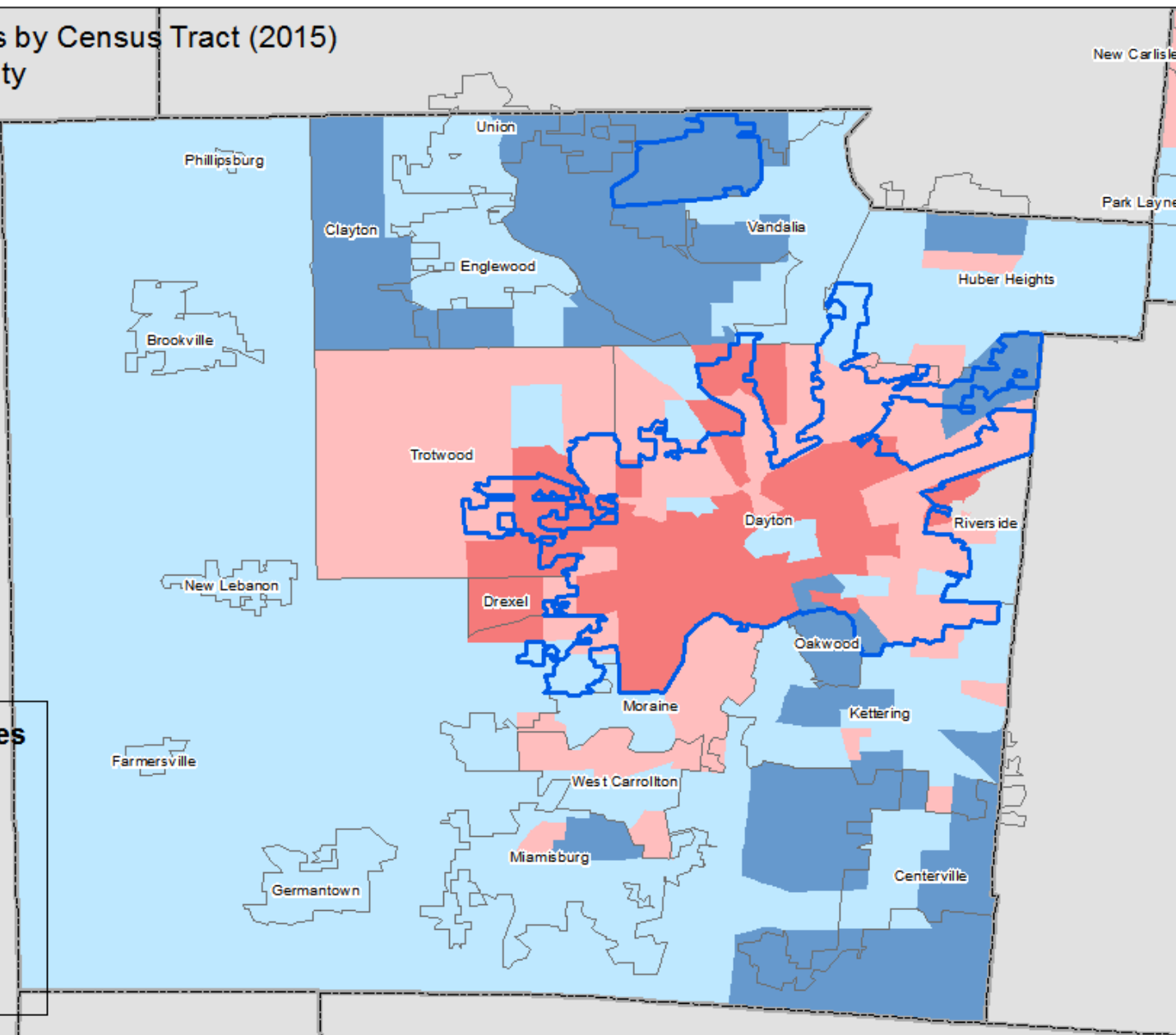
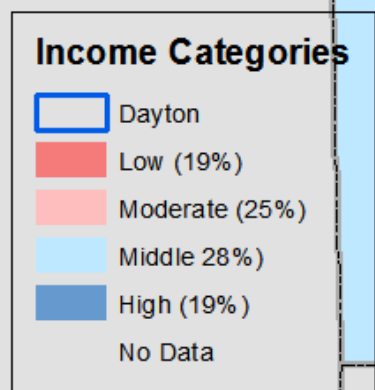


Average loan amount – Dayton

Thousands



Income Categories by Census Tract (2015) Montgomery County

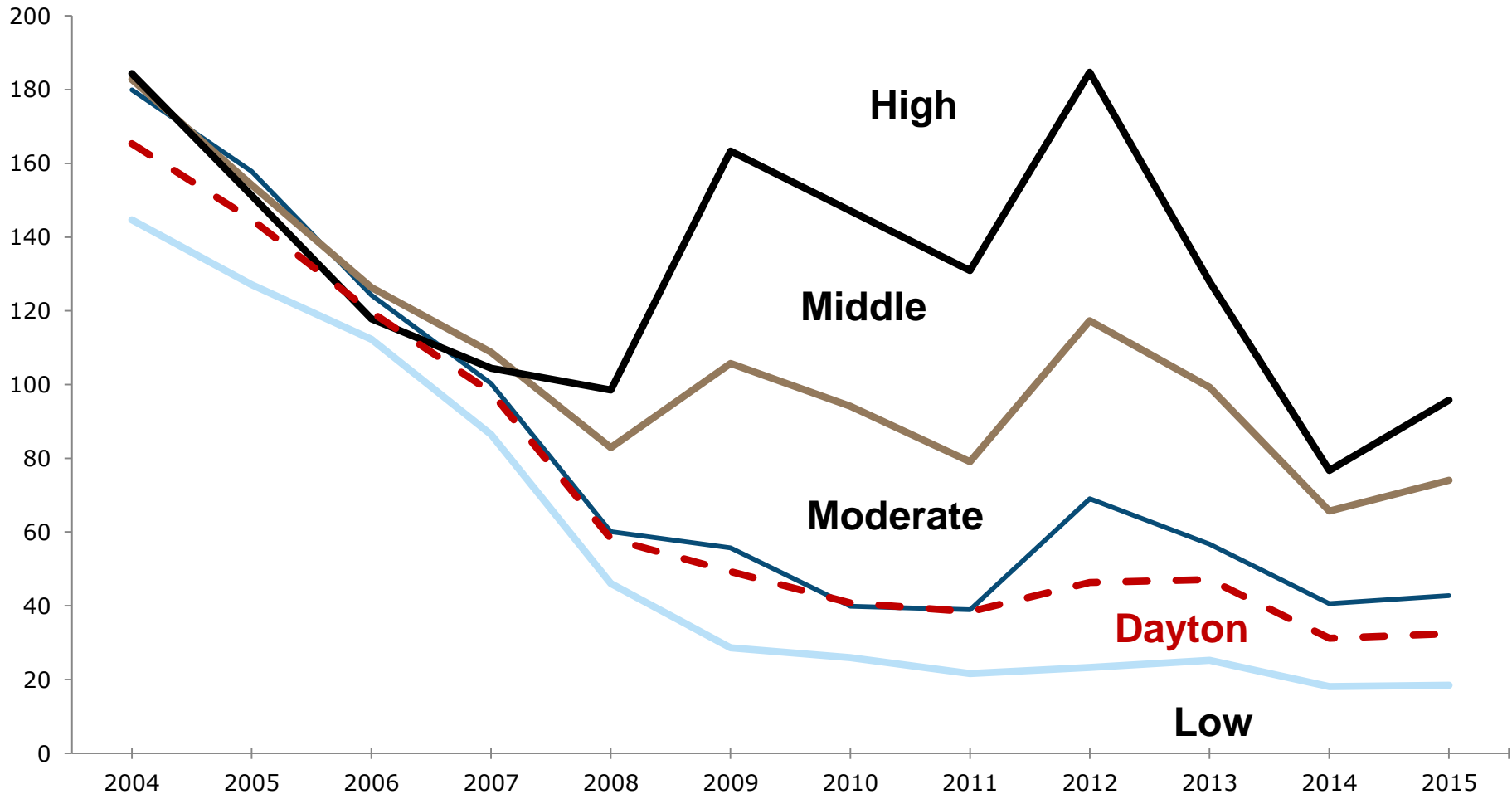


Note: Census tracts with fewer than 27 total applications (2012-2015) were excluded (the bottom 5 percent).

Source: Author's calculations based on data from the 2010-2014 American Community Survey and the Bureau of Labor Statistics

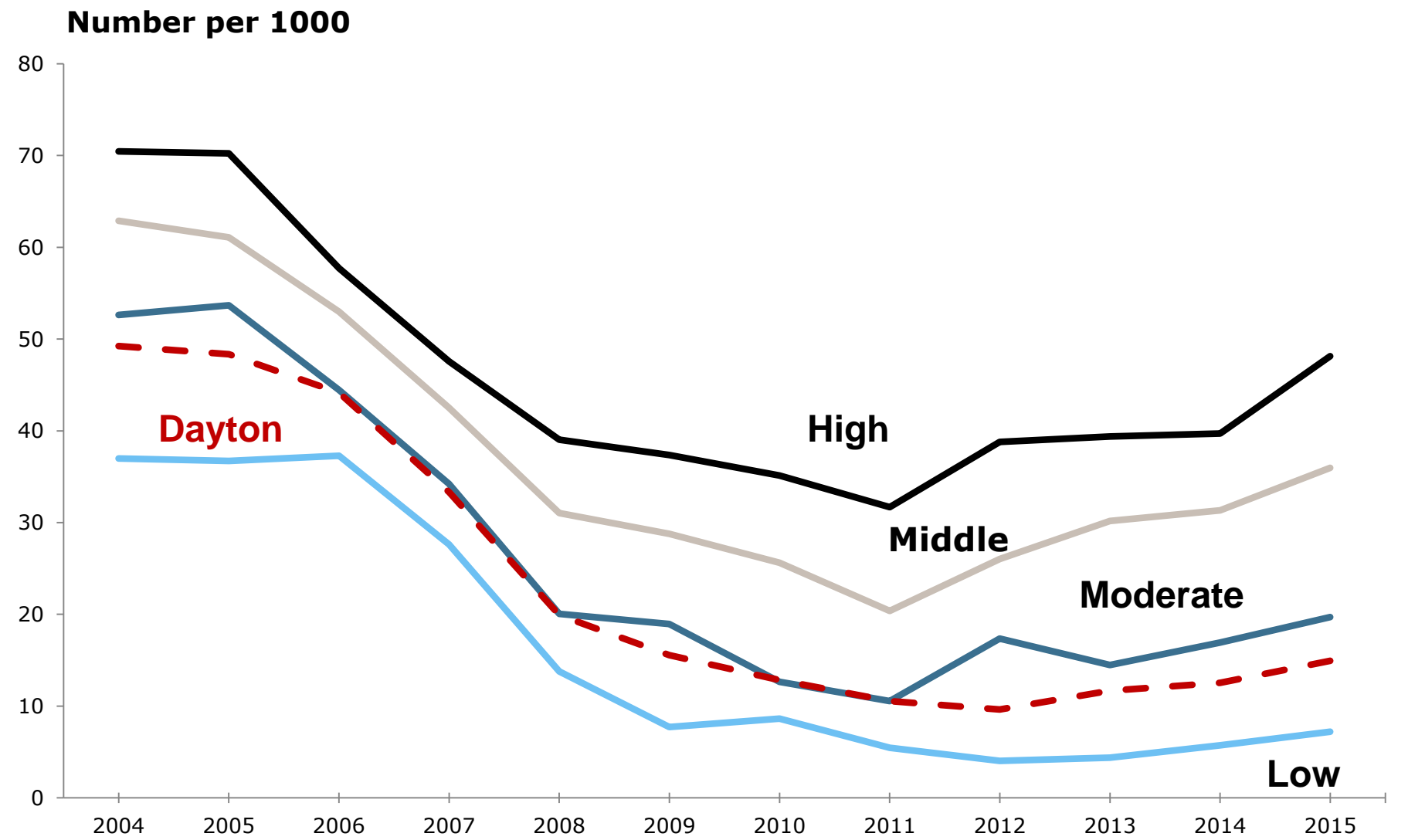
Applications per 1,000 Housing Units By Neighborhood Income

Number per 1000



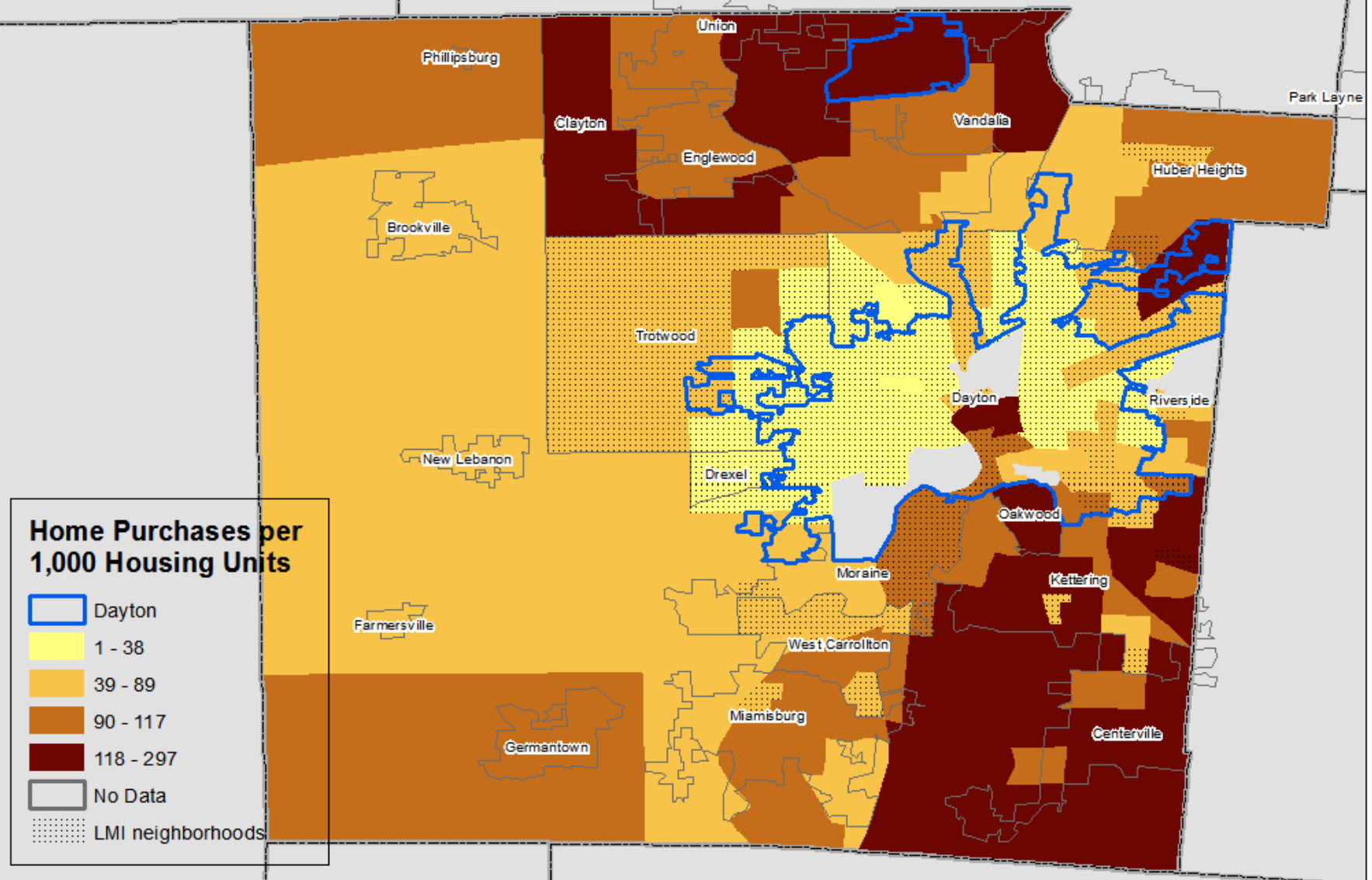
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Home Purchase Applications per 1,000 Housing Units By Neighborhood Income



Source: HMDA

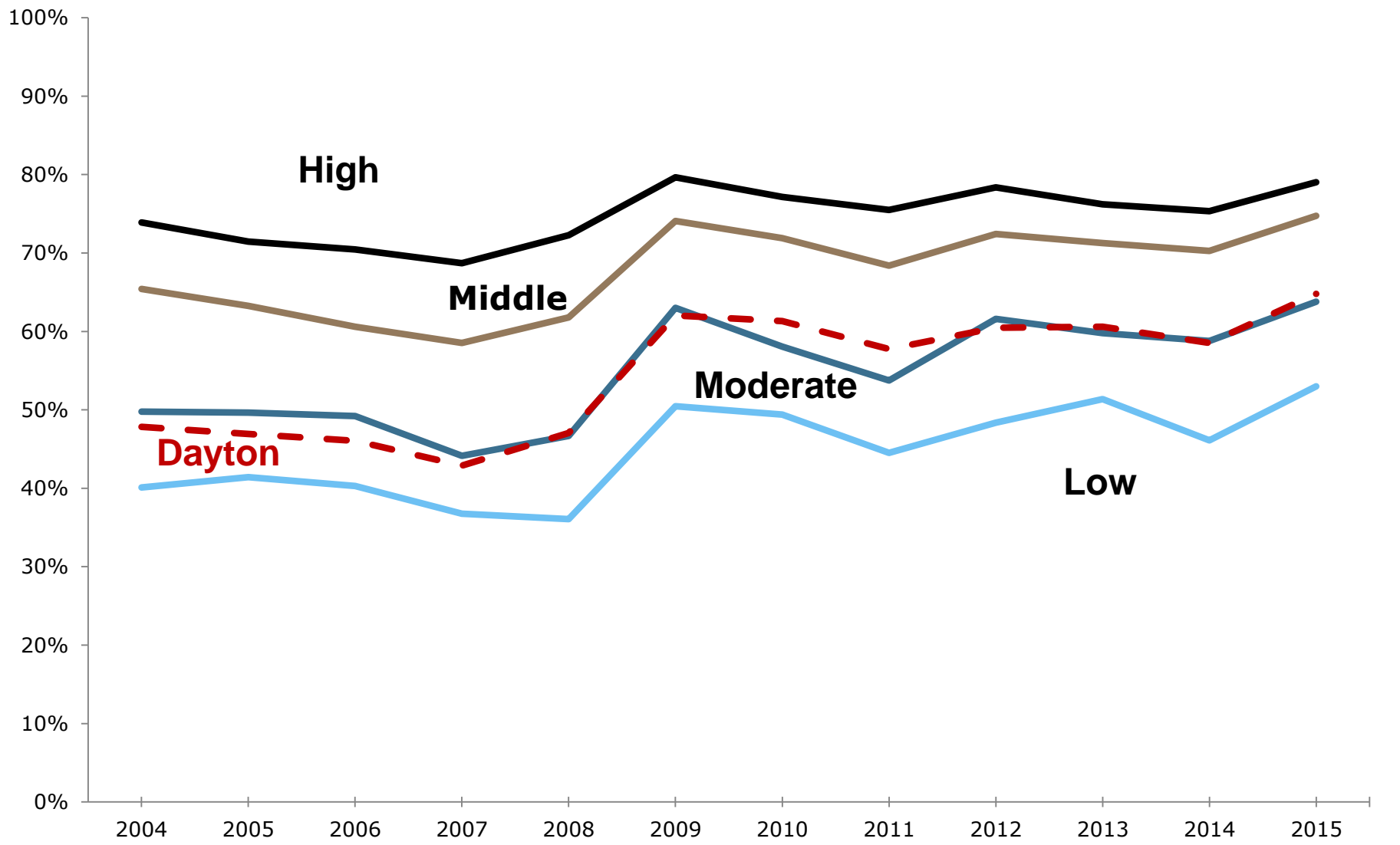
Home Purchases per 1,000 Housing Units by Census Tract (2012-2015) Montgomery County



Note: Census tracts with fewer than 27 total applications (2012-2015) were excluded (the bottom 5 percent).

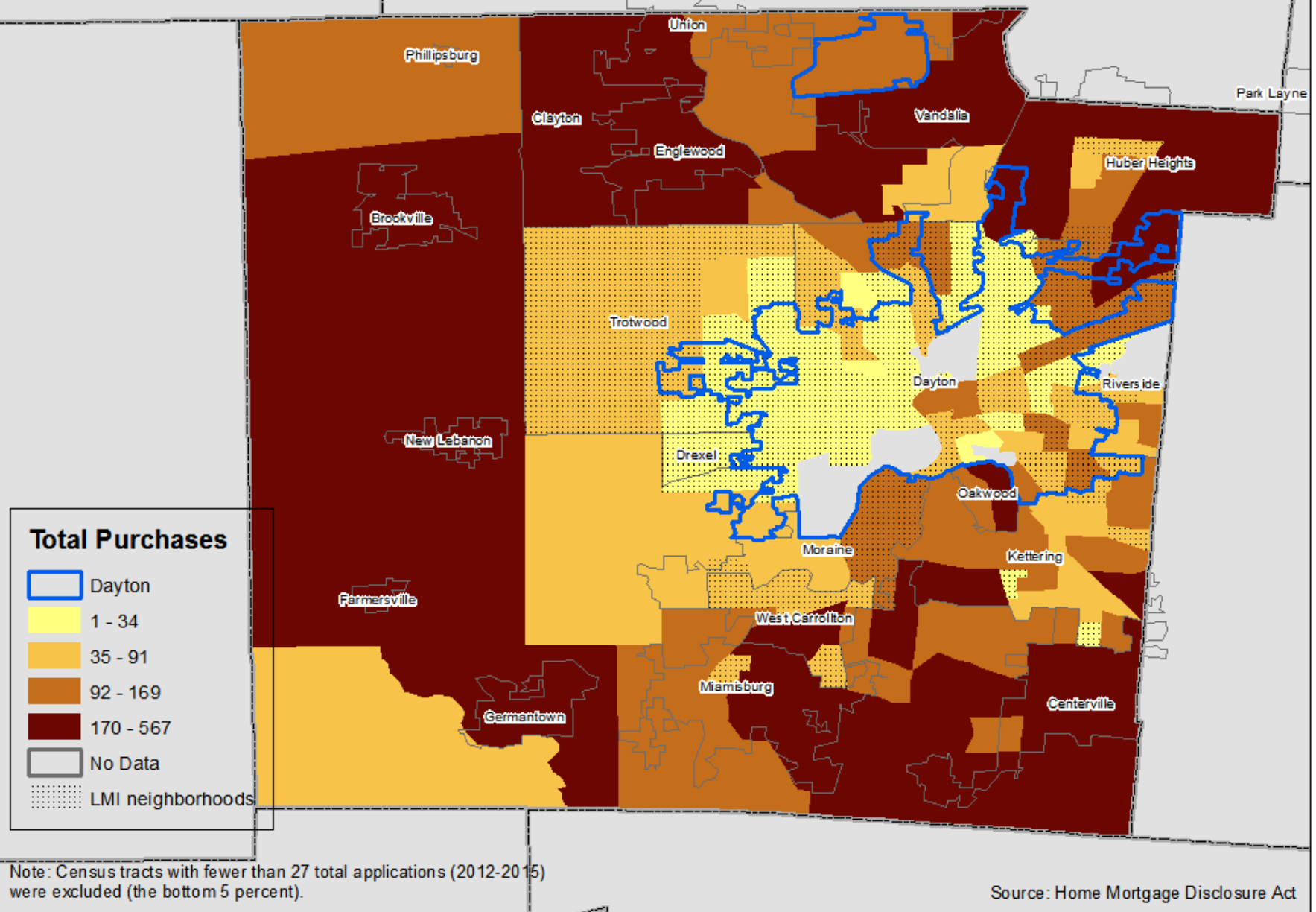
Source: Author's calculations based on data from the 2010-2014 American Community Survey and Home Mortgage Disclosure Act data

Origination Rates By Neighborhood Income

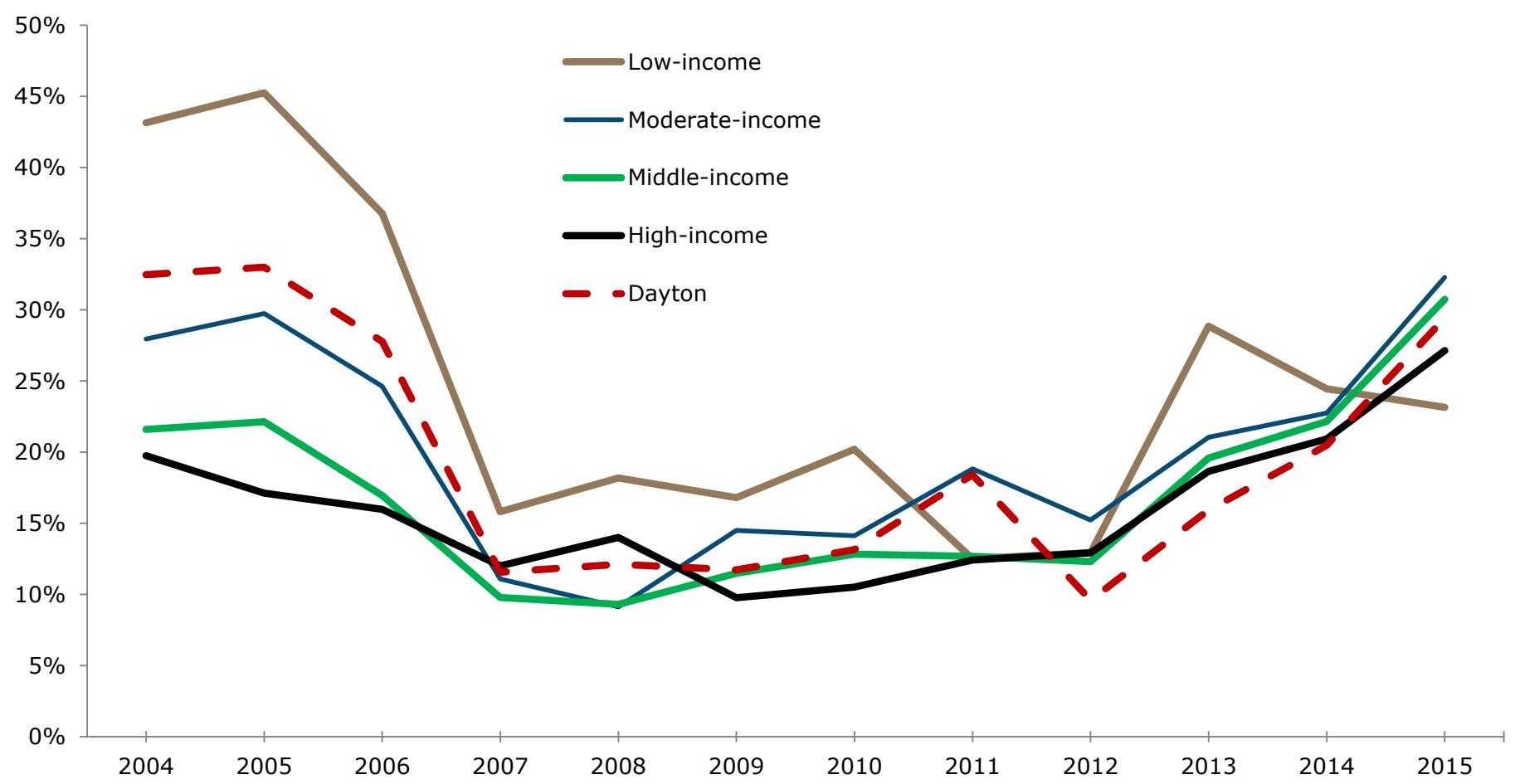


Source: HMDA

Total Purchases by Census Tract (2012-2015) Montgomery County



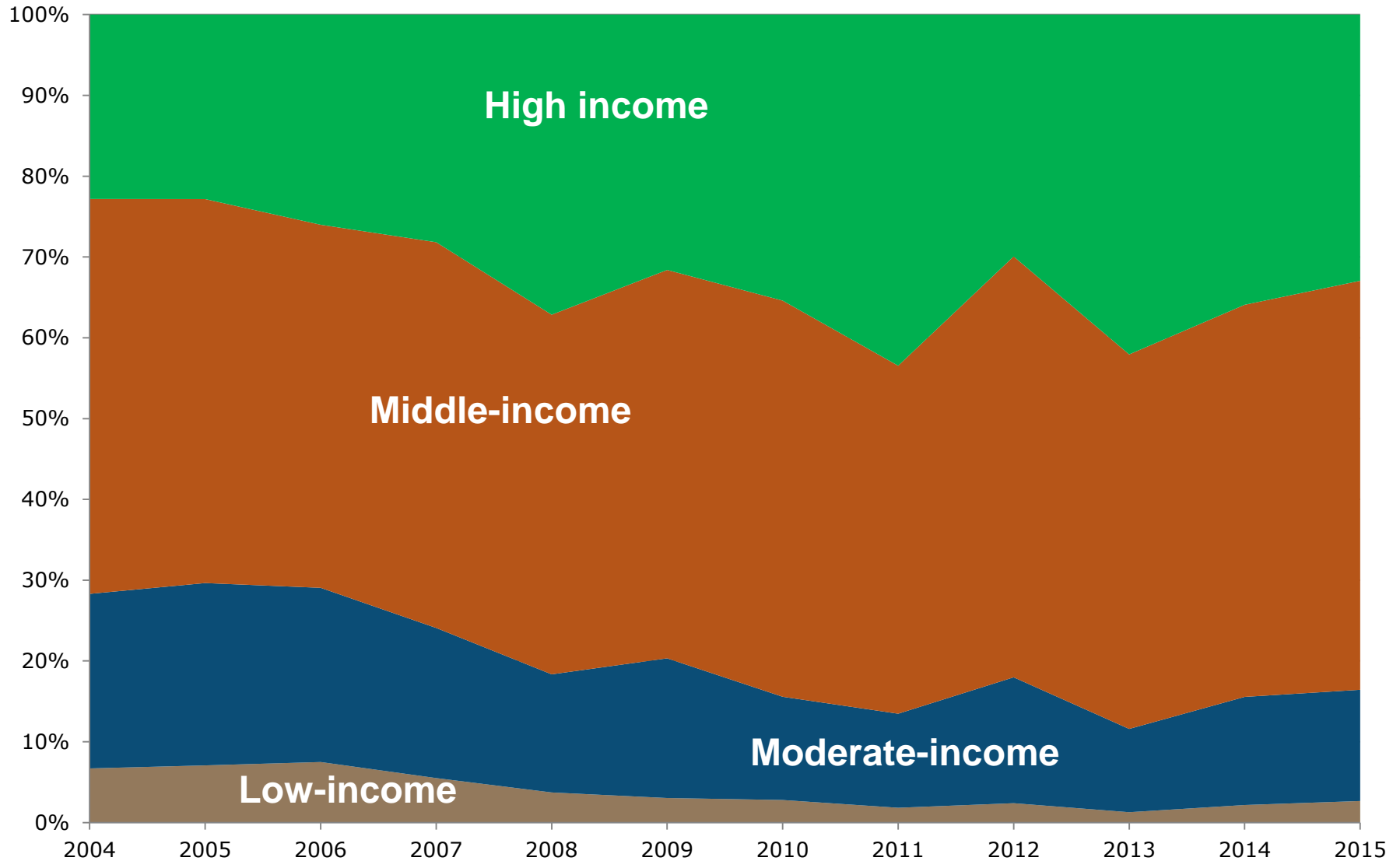
Share of home purchases by unregulated lenders



Source: HMDA

Home purchase shares by neighborhood income

Montgomery



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Market share in 2004 - Montgomery

Top 10 lenders	Originations	% of all originations
NATIONAL CITY BK IN	2488	12.2
UNION SVG BK	1773	8.7
FIFTH THIRD MTG CO	1376	6.7
WELLS FARGO BK NA	1321	6.5
COUNTRYWIDE HOME LOANS	1090	5.3
JP MORGAN CHASE BANK NA	612	3.0
ABNAMRO MTG. GROUP INC.	503	2.5
ARGENT MORTGAGE COMPANY	388	1.9
WASHINGTON MUTUAL BK FA	351	1.7
FLAGSTAR BK FSB	333	1.6
Total originations in 2004	20459	50.0

Market share in 2004 - Dayton

Top 10 lenders	Originations	% of all originations
NATIONAL CITY BK IN	494	10.9
WELLS FARGO BK NA	268	5.9
UNION SVG BK	243	5.4
FIFTH THIRD MTG CO	239	5.3
COUNTRYWIDE HOME LOANS	225	5.0
JP MORGAN CHASE BANK NA	192	4.2
ARGENT MORTGAGE COMPANY	176	3.9
ABNAMRO MTG. GROUP INC.	100	2.2
NEW CENTURY MORTGAGE CORP.	92	2.0
FLAGSTAR BK FSB	81	1.8
Total originations in 2004	4523	46.7

Market share in 2015 - Montgomery

Top 10 lenders	Originations	% of all originations
UNION SAVINGS BANK	1705	19.1
WRIGHT-PATT CREDIT UNION, INC.	870	9.7
PRIMELENDING	617	6.9
FIFTH THIRD MORTGAGE COMPANY	449	5.0
PNC BANK N.A.	375	4.2
QUICKEN LOANS	356	4.0
CITIZENS HOME LOANS OF AMERICA	272	3.0
THE HUNTINGTON NATIONAL BANK	256	2.9
US BANK, N.A.	255	2.9
CALIBER HOME LOANS	223	2.5
Total originations in 2015	8930	60.2

Market share in 2015 - Dayton

Top 10 lenders	Originations	% of all originations
UNION SAVINGS BANK	148	14.2
WRIGHT-PATT CREDIT UNION, INC.	148	14.2
PRIMELENDING	68	6.5
PNC BANK N.A.	58	5.6
FIFTH THIRD MORTGAGE COMPANY	52	5.0
QUICKEN LOANS	42	4.0
CITIZENS HOME LOANS OF AMERICA	31	3.0
US BANK, N.A.	30	2.9
CALIBER HOME LOANS	26	2.5
DAY AIR CREDIT UNION	23	2.2
Total originations in 2015	1045	59.9

Summary of HMDA Trends

- Non-conventional mortgage originations has grown significantly
 - Major portion of purchase market
- Volume of originations driven by volume of applications
 - Despite slightly higher origination rates, home purchase and refinance loan volumes remain historically low levels in low-to-moderate income areas
- Increasing market share by non-bank lenders in all segments of housing market

Exogenous Factors

- Interest rates increases
 - Slowing the economy and reducing borrowers ability to purchase and refinance
- Demographic trends and changes
 - Strong desire by millennials and “empty-nesters” to relocate in downtown markets
 - Financial profile of first-time homebuyers
- Vacant property and neighborhood redevelopment
 - Economics of rehabilitation and sale
 - Absentee landlords and code compliance

Questions?